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The Week

IMPATIENT at the halt in recovery of farm prices, Southern cotton interests and other representatives of farming sections, led by Senator Thomas, are again calling upon the President to use the inflationary powers bestowed upon him by the last Congress. As an article by Stephen M. Foster in The New Republic of August 23 pointed out, there has not been any inflation yet, in the sense of a larger quantity of currency and credit in use; rising prices and greater activity have been caused by a more rapid turnover of the preëxisting amount of money. The inflationists should remember that it is not so easy to bring about inflation as to demand it. The government can print all the greenbacks Congress authorizes, but if these are not spent by somebody, and kept in rapid circulation, there will be no inflation. There is but one way to inflate by direct governmental action; that is, for the government to spend rapidly increasing amounts of money without balancing its budget or making good the deficiency by tax collections. If the government did this, it could bring about the result desired by Senator Thomas by spending gold dollars—so long as the gold lasted—or any form of "good" money just as well as by issuing greenbacks or even cigar coupons. The only other possible form of inflation is that which normally accompanies a business boom, which calls forth a growing total of bank loans. Senator Thomas should concentrate his attention, not on issuing a different kind of money, but on expanding the public-works program, raising governmental salaries, increasing governmental employment or spending public money in any other way that seems to him good. And he should combat as a mortal enemy any effort to balance the budget. Then he should be prepared to take the consequences, if inflation should get out of his control.

CONSUMERS know well that prices of food have already risen, but they do not know whether the farmers have received a corresponding benefit. A statement from Dr. Fred C. Howe, Consumers' Counsel of the Agricultural Administration, throws light on this question. Farm prices of thirteen important foods were checked up, as of August 15, and were found to have risen about as much as the retail prices of the same articles. "This indicates," says Dr. Howe, "that generally the farmers are getting the benefit of the extra money the consumers are paying out." Foods covered include butter, milk, cheese, eggs, hens, meats, flour, bread, lard, potatoes, rice, macaroni and canned peas. At the same time, however, the prices farmers pay have risen—though not enough to offset entirely the gain in their incomes. Between February 15 and August 15, according to Dr. Howe, the cost of what the farmers buy increased 11 percent, and the average increase in farm prices was 23 percent. "While we have reduced the gap between these two prices in the first six months of the recovery program, we are still a long way from our goal of parity in prices for farmers." Dr. Howe might have added that effective work in the N.R.A. in behalf of the consumers will be necessary if the gap is to be closed. If the recovery program is to make sense, the industrial side of the equation must gain by larger volume of output without much price increase, while the farmers gain by smaller volume at higher prices. We should also remember that many farmers are deeply

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in debt and will not be able to benefit much until the debts are paid off or written down.

THE first official check-up on increase in the purchasing power of the city population since the N.R.A. began to take effect is revealed in the information from the Department of Labor that during the month ended August 15, about 750,000 men and women had been reëmployed, making an increase for the month of 6 percent in jobs and 11 percent in total pay rolls. The first codes went into effect on July 15. Because on that date industrial activity had begun to slow down, the gain may be attributed almost entirely to the shorter hours and minimum-wage requirements. At the same time, however, the cost of living has risen enough to deprive individual workers of much benefit, though the larger volume of employment has increased purchasing power in the aggregate. Secretary Frances Perkins' statement accompanying the figures was a model for candid view of the facts and absence of ballyhoo. "The depression is still a fact," she said, "and it is much too soon to throw our hats in the air and cheer for a victory as yet far from complete." Employment is still 25.4 percent below the 1926 average, and pay rolls 48 percent less. "We have a long way still to go and must try soberly to reach the normal peak." It should be added that mass purchasing power must rise far above the 1926 level before anywhere near all of the unemployed can be absorbed.

FAR more substantial than any gain yet registered in actual employment and purchasing power, and more significant for the long future, is the advance in the status of organized labor. The Full Fashioned Hosiery Workers' union, for instance, reports that "what is for all practical purposes a social revolution is occurring in small towns of Pennsylvania where unionization of industrial workers has taken place in the past two or three months." In Lewiston, where there never had been a Labor Day gathering, 7,000 people out of a population of 14,000 participated in a Labor Day parade. In Lansdale, where for more than four years the hosiery workers were unable to rent a hall, the principal meeting place of the town is now their headquarters. In Bangor, where union organizers used to be arrested as soon as they landed in town, the local N.R.A. committee is seeking to have the mill rehire workers dropped for union activities. The local politicians, who used to control the votes in behalf of machine candidates, are in many places falling over each other to curry favor with labor; the papers, which previously would never mention unions, are printing large quantities of labor news; preachers, teachers and business men are openly expressing sympathy with the workers; and even police and authorities are changing their attitude. All this, says the union, "must spell a new sort of social and political life for millions of wage earners hitherto held down to a status virtually feudal."

THE present Cuban government—by the time these lines are printed it may be the former Cuban government—is in an intolerable situation. It represents no economic class, except in so far as the students who put it into power and who hope to become professional men or government officials can be called an economic class. It means well, but has no economic program except that of doing its patriotic best and staying in office. In order to stay in office it must reconcile two irreconcilable interests. That of the Cuban masses requires that the huge debts of the island to American banks should be scaled down and the great American sugar estates taxed heavily and in part divided among the peasants. That of American finance capital (and also of the big merchants in Havana) requires that the debts be paid and the estates preserved. The government to gain support must represent one interest or the other; it exists on a narrow ledge between the machetes of the peasants and the guns of the thirty American warships now anchored in Cuban waters. Theoretically the United States is taking no part in the conflict. Actually, to the masses of Cuba, those thirty warships represent the power of the American sugar growers who have paid them starvation wages and the American bankers who have first call on Cuban income. It must be remembered, however, that these American interests have their Cuban allies, and that many Cuban merchants, army officers and old-line politicians are busily agitating for intervention. As long as the warships are there, these intrigues will not cease—and the present confusion will continue until American citizens are murdered (possibly by assassins in the pay of the Cuban reactionaries) and American Marines are involved in a futile and bloody invasion. Would it not be a wiser course to withdraw our warships, along with those American citizens who fear for their lives, to wait till a government is established that can depend on wide popular support, and then to settle our economic disputes by negotiation with a free Cuba?

HERR von Neurath—who at Hitler's sufferance is still the German Minister of Foreign Affairs—took an aggressive tone the other day in his interview with the correspondents of the foreign press. Arms equality, he said, was the condition for Germany's continued participation in international conferences. Of course he added that Germany wants peace. It does not interfere in the affairs of other nations and desires only to regain politically and economically its pre-war position in the world. All this seems to have in no wise affected the determination of France and England to go through with their program at the Disarmament Conference which assembles in Geneva in the middle of October. These two Great Powers demand to know to what extent Germany has adhered to the provisions of the Versailles Treaty before they enter upon a discussion of gradual disarmament. It may be accepted as a foregone conclusion, therefore, that disarmament

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will be postponed once more. The European and the world situation point inexorably toward aggressive preparedness. That Germany is hastily building up both man power and equipment is too manifest to be denied. France has just expended many hundred millions of francs to complete a chain of gigantic underground fortifications along its German frontier; Belgium is floating a huge loan in France and Great Britain for the same purpose and meanwhile feverishly working to complete a system of concrete-lined tunnels, miracles, it is said, of engineering art. Herriot's visit to Russia, the warm welcome given to Karl Radek, founder of the Polish Socialist party, by the Warsaw dictator, the visit to Moscow just announced for November of the three-quarter-fascist Pilsudski and the "propaganda" flight of the most famous of French airplane builders to the Soviet Union are infallible proof that all Europe—not to speak of America and Japan—is in a state of hectic war preparation. Against this background the disarmament show about to be staged in Geneva becomes a bloody satire.

MINISTER Göring has announced that the trial of the five men accused of incendiarism in connection with the Reichstag fire will begin September 21 in Leipzig and will last six weeks. During that time all airplane flights over Leipzig have been forbidden by him. Thus anxiously the German government is providing for the undisturbed progress of a trial in which, were there a semblance of justice left in Germany, they themselves would occupy the prisoner's bench. That much the evidence obtained from credible witnesses by the international commission of leading jurists sitting in London has already proved beyond a doubt. The commission has heard evidence to establish the following facts:

> The mass of inflammable material required to lay the fire could not possibly have been brought into the building without knowledge of the management. The fire department of Berlin was not called until after the police appeared, and a company of twenty Storm Troopers was already in charge when the fire engines came. Director Gempp of the very efficient Berlin Fire Department complained that Minister Göring would not permit him to send out further alarms to prevent unnecessary destruction. Mr. Gempp noticed, in those parts of the building which were not destroyed by flames, piles of incendiary material, "sufficient to have filled a large truck."
>
> The caretakers of the Reichstag, on February 27, the day of the fire, were dismissed from duty by the Nazi house inspector, at 1 p.m. in spite of their protest, "as there would be nothing more to do that day."
>
> Although the raid on the Karl Liebknecht Haus—where, it is alleged, plans for the destruction of the Reichstag and other public buildings were found—took place on February 24 and the Nazi President of Police reported verbally to Minister Göring on February 26, no steps were taken to ensure the safety of the Reichstag.
>
> The incendiary van der Lubbe, who, when arrested, had a Dutch passport and a membership card of the Communist party of Holland in his pocket, knew neither Torgler nor any of his Communist co-defendants; on the contrary, he had known leading National Socialists for more than two years and had been repeatedly used by them.
>
> A number of Nazis knew of the plan to set fire to the Reichstag and spoke of it before the act was perpetrated.

Add to these facts that the government appointed well known National Socialist lawyers to represent the defendants at the trial, that attorneys chosen by the accused were prevented by terroristic threats from taking over the defense and that the German State Attorney declined to guarantee to Romain Rolland the safety of witnesses for the defense who are at present outside of Germany but are willing to testify. The case is prejudged, for to admit the innocence of the accused would prove the guilt of the present rulers of Germany.

Checkweighing the Coal Code

THE LONG awaited agreement upon a soft-coal code, and its signature by the President, represent in one sense an immense victory for the administration. In number of employees, in value of product, in character as a source of power, this is one of our most important single industries. It is also one of our sickest—its illness has endured for many years, in prosperity as well as in depression. Its owners and managers have been among the most unruly, combative and stupid of all the nation's employer groups. To have succeeded in inducing them to agree to anything at all is a triumph.

Now that the agreement has been reached, however, and credit has been given to those whose patience and diplomacy have brought it about, we ought to look forward to see what it is worth. Can this industry be regulated for its own advantage and that of the people as a whole, by means of the formula of industrial self-government and coöperation, on which the administration sets so much store? When we judge the achievement by this standard, it shrinks considerably. Difficult as the job has been to complete, it is only a beginning of the essential task, and not a good beginning at that.

The miners have won the right of collective bargaining, as far as that right can be won by words on paper; doubtless it will have to be validated in detail by many actual struggles before it will become a full reality. In doing so they have won merely what miners in Britain, Germany and Belgium have had for years—and the bituminous-coal industries of those countries have been beset by unemployment, overproduction, waste and general mismanagement

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to a degree scarcely less than our own. Minimum scales of wages have been set which are higher than most of those recently existing, and wage differentials among the various coal regions have been somewhat reduced, so that competition at the expense of labor is allayed. Nevertheless the highest minima are less than the rate maintained throughout the depression by the Rocky Mountain Fuel Company, which has had collective contracts with the miners' union.

The miners have won checkweighmen and the right not to live in company houses and not to buy from company stores, thus minimizing abuses to which few other kinds of workers, no matter how desperate their position otherwise, have been subject. A maximum forty-hour week has been set—though miners have not averaged nearly so much as forty hours of work a week for a full working year. Alexander Sachs, economist of the N.R.A., in an article in The New Republic of August 30, wrote, "If thirty-two hours were set as the maximum working time and an average working time of thirty hours achieved, the average number of workers required would be approximately 385,000 men. If the average time achieved were thirty-five hours (approximately the same as for 1929), the average number employed would total only 330,000 workers. These numbers compare with 503,000 men employed in 1929." The calculations were based on an assumption that production during the next six months would be as much as 200 million tons. It is clear that the "restriction" of hours will do nothing to supply reëmployment to perhaps 200,000 idle miners—unless by voluntarily reducing their already scanty earnings, the working miners agree on a "share-work" program. This present code scarcely establishes a utopia for the coal-diggers.

The code does not do anything, and cannot do anything, to enlarge the market for coal and thus the total amount of work the miners may have. It is even probable that the higher prices which it will bring about may further restrict that market. There is no magic by which the excess capacity and the excess labor attached to the industry can be given employment, no matter what the operators may agree upon. We have to face the prospect that hundreds of thousands of persons must find jobs elsewhere, if those miners who are needed are to have enough work to earn a decent living. This is a subject to which the code devotes absolutely no attention.

Genuine rehabilitation of the industry, of course, would demand that the excess capacity be located and kept out of production, and that the miners who are not needed be removed to other occupations. Otherwise you have the available production and employment spread thinly over too many mines and too many miners, you have men held by the chance of work which they seldom get, and mines springing into activity only on occasion, meanwhile not earning enough to meet their capital charges. An orderly regulation of the industry would supply to the mines which are really necessary a reasonably full and steady output, and would provide full employment for their necessary workers. Meanwhile the rest of the nation's coal resources would be kept in reserve until increase in demand for coal made advisable their opening. Thus the tremendous wastes of premature development, of idle capital and labor, of coal left permanently in the ground through hasty exploitation, would be avoided. There is nothing in the code which gives promise of such orderly mining of coal. Nobody has authority to shut down a single mine. The pretense is maintained that somehow all the operators and all the men can make a living out of this industry—and perhaps that hundreds of new mines, yet undug, can share in its prosperity as well. For the land and the coal are still privately owned, and can be exploited freely by any owner who thinks he has a chance.

The sole remedy which the code proposes for the basic trouble of the industry is, in a word, higher prices, set by an array of marketing agencies, under the supervision of the administration and protected by all kinds of provisions against secret rebates and the like. How high are these prices to be? High enough to maintain in prosperity a mine which can work only one full week a year?—or ten weeks?—or even thirty weeks? But why should the consumer pay so much for coal that a mine can make profit which produces only one-fiftieth—or even three-fifths—of the time? Indeed, prices high enough to give prosperity to any large proportion of the industry at its customary average of working time would be almost impossible to maintain, because they would continually call into existence more mines and more production.

It is possible that these marketing agencies may attempt to prevent overproduction and sustain prices by assigning to each mine a quota of a carefully calculated total output. There is no word of this in the code. But assume that this device, used by other marketing associations in other nations, is here adopted. It might conceivably help to maintain prices, though it is an exceedingly difficult measure to administer and police. Still it would be unfair both to miners and consumers. Quotas are usually measured by a percentage of physical capacity, or of former sales. They are assigned to the efficient producer and the inefficient alike. A mine which could, under competitive conditions, run only half the time, and whose product cost 20 percent more than that of a better mine, would nevertheless be assigned its quota, and the price demanded of the consumer would be high enough to pay its costs. The labor of the industry would suffer, both in employment and earnings, for the existence of these less efficient units.

Coal can scarcely be well planned by the coöperation of competitive profit-makers. There must be a single agency with genuine authority over the whole industry, if it is to be brought into salutary order.

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This agency must have power to say where coal is to be mined, and how much. It must make its decisions primarily with a view to the welfare of labor and consumer. No such agency is contemplated by the existing coal code. It is difficult to imagine a code formulated and agreed upon by the unruly operators which would permit such an agency. The administration, in its desire for coöperation of existing business interests, its hesitancy to use compulsion or to enter into production in its own right, its fear of constitutional objection, has omitted to set out on the path which alone can rescue the industry. Perhaps the country will have to experience the confusion and inadequacy of the existing program before it will turn to a real solution. But a fully courageous and expert planning board, if confronted with the kind of agreement which the operators now propose, would say, "If this is the best you can do, we shall have to give up the attempt to cure the ills of coal by self-government of business, and turn to a different kind of organization."

Red China

IN THE back-country of China, far from steamships, railroads, telegraph lines and foreign correspondents in pith helmets, the Chinese Soviets continue to struggle and, in general, to advance. The few brief reports we read of their defeats and victories come from altogether hostile sources. Even the Communists who lead hunted lives in the big Chinese seaports have no direct communication with their comrades fighting in the interior. Nevertheless, it is becoming possible to construct a rough picture of what has happened to the Red armies during the last twelve months.

In the winter, everybody noticed the contrast between the perfectly farcical resistance offered to the Japanese advance in the North and the desperate campaign against the Communists in central China. The Nanking government was willing to lose five rich provinces to the Mikado while pouring forth money and men in the attempt to save five counties from the revolting peasants. In the North, a few unpaid and freezing regiments fled before the Japanese occupation. In the Center, a well equipped army of 800,000 advanced against the Reds. In the North, funds raised to combat the Japanese mysteriously disappeared. In the Center, funds raised to prevent floods and famine were diverted to the Nationalist troops. The Soviets offered to end the civil war and send their own forces to fight the Japanese. Chiang Kai-shek did not even answer them. Instead he issued a general order to his soldiers: "Don't speak of resistance to the Japanese invasion before the Red bandits are put down. Offenders will be severely punished."

The fifth and the sixth Communist Suppression Campaigns were vigorously pushed forward. For once the hostile military factions united: Canton helped Nanking, and even the northern war lords furnished a little aid. Yet, as a result of all the fighting, the Chinese Soviets are left with about as much territory as they had when the fifth campaign started—perhaps a little more. One important Soviet district was conquered by the Nationalist armies. A new Soviet district was founded, and a third district was greatly expanded.

The Soviet district reconquered by the Whites was north of the Yangtse River, in western Anhwei and the two adjoining provinces, with its center about two hundred miles due west of Nanking, the Chinese capital. Here the Communists had maintained a stable government, a state bank of issue, an arms factory and a school system that had made immense progress toward its goal of providing universal free education. All these fell before the Nationalist invasion, but the Red army escaped, part of it retreating westward and another part hiding its arms and going back to work in the fields. Correspondents of the Chinese papers were invited to visit the area that had been held by "Communist bandits." To their surprise they found that in spite of the ravages of an invading army, the Soviet regions were measurably more prosperous than adjoining regions ruled by respectable war lords. The harvests were bigger, the taxes lower, the dykes along the river banks much higher. It is probable that some of these benefits to the peasants will be maintained for a time even under the Nanking government, if only to prevent the district from revolting again and calling back the Red army.

The new Soviet district founded was far up the Yangtse River in the province of Szechwan. This is the westernmost, the largest and the most populous of all the Chinese provinces: a little smaller than the state of California, it supports about fifty million people. Recently it has been the prey of two quarreling war lords, an uncle and a nephew, both of them professing a vague allegiance to Nanking. While they were fighting each other and supporting their troops by levying taxes on the peasants—sometimes collected as much as thirty years in advance—the Fourth Red Army appeared from the north, conquered a fourth of the province, and organized a new Soviet which controls about fifty thousand square miles in Szechwan and Shensi.

The district which expanded during the year was the Central Soviet District in the famous Red Province of Kiangsi. Here, at the scene of the heaviest fighting, the huge White armies have been led by Chiang Kai-shek in person. While the fighting in the north of the province wavered back and forth, the Red armies struck eastward toward the Pacific. Two weeks ago they were approaching the seaport of Foochow, after inflicting a defeat on the Nineteenth Route Army, generally regarded as the best fighting force in China. Foreign gunboats were dispatched to Foochow to protect the missionaries, who are always conveniently present when a big city is about to be captured by the Reds. Nor were gunboats the only help that the Whites received. It began to be rumored more and more loudly that

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the $50 million R.F.C. loan to the Nanking government was being used for another purpose than the one for which it was intended. The loan was supposed to cover the purchase in the United States of cotton for Chinese mills and wheat for starving peasants. The wheat and cotton were being purchased, but there was no record of their reaching Chinese mills or Chinese peasants. They were, it was whispered, being resold to Japan at a discount and used to pay for rifles and machine guns to shoot the peasants down.

In spite of foreign help to their enemies, the Soviets were holding their own and even advancing. During six years of continual warfare they have proved themselves to be the only truly native government in China. The war lords of the North are pawns of the Japanese, from whom they expect subsidies. The Cantonese in the Southeast are under British influence. Chiang Kai-shek and his Nanking government are willing to listen to any foreign power that offers them loans and munitions of war. They are subservient to the Japanese, but their closest sympathies are with American capitalism. The Soviets receive no foreign help, no subsidies or loans, no weapons except those they capture from their enemies. Time and again they have shown that if Western and Japanese support were withdrawn from the puppet governments of the seacoast, all China would be Communist within a few months or years.

Would this be a tragedy, even for American capitalism? It is time for American statesmen and business men to reconsider, in a cool-headed fashion, the fruits of our policy in China. What do we gain by advancing loans to Chiang Kai-shek? What do we gain by patrolling the Yangtse River with our gunboats, lest a Red army should occupy one of the cities on its banks? The anarchy in China continues; the Japanese maneuver in the North, preparing to add new provinces to Manchukuo; the French are economically penetrating the southern provinces bordering Indo-China; all the Great Powers are intriguing at Shanghai. China weak and divided is a perpetual occasion for war—and our own policy is helping to perpetuate this weakness and anarchy. On the other hand, if the Western powers withdrew and permitted the Soviets to fulfill their destiny, there would be a government in China which would have the allegiance of the masses of the people. War lords and landlords, the two curses of the Chinese nation, would both be abolished. There would be a new power in the Pacific strong enough to provide a counterpoise to fascist Japan. And there would, moreover—since the Communists are bent on improving the living standards of the masses—be an immense new market for Western products of all types, machinery, automobiles, oil, electrical equipment. There is a prospect here of eventual peace. If, on the other hand, the present anarchy continues, the United States must realize that it shares the blame for the famines, wars and massacres of China.

The Banks Again

THE PRESS accounts of the American Bankers' Association convention held recently in Chicago disclosed to uninitiated persons the fact that the banking crisis of March, 1933, is still lurking under the surface. To be sure, some 14,000 of the banks are reopened and are doing business in much their normal way. Nevertheless, the problem which public fear revealed last spring is being revived now because of the responsibility of the federal government and the stronger banks under the deposit-insurance feature of the Glass-Steagall bill. That problem is simply this: what banks are qualified to do business with the public's money?

In March the President told the nation that only sound banks would reopen. This promise he never had a fair chance of keeping. Unfortunately, he and his administration had authority only over the national banks and the comparatively small number of state banks which were members of the Federal Reserve System. Considerably more than half of all the banks, therefore, were opened by one of the forty-eight state banking departments.

The time for making examinations was hopelessly short and examiners' staffs were desperately inadequate. Errors in judgment, even errors in vital statistical information on specific banks, were inevitable, although these errors could have been speedily corrected. But decentralization and irresponsibility really wrecked the program. With politicians of the Huey Long stripe howling about the conspiracy against the little state banks, with local magnates exerting pressure on state banking commissioners, with boss-ridden states taking orders from the insiders, the result was about what was to be expected. Banks were licensed which never should have been allowed to reopen without drastic reorganization and refinancing.

The axiom that often seems the basis for bankers' philosophy is "Don't rock the boat." It is doubtful whether the problem of weeding out the weak banks would have been revealed to the public if it had not been for the Glass-Steagall Act. But its creature, the Federal Deposit Insurance Corporation, constitutes, for the first time in history, a single agency to pass on the condition of federal and state banks. The act sets up a temporary deposit-insurance fund in which all licensed member banks automatically participate beginning January 1, 1934. It then provides that any licensed nonmember bank shall, "after examination by, and with the approval of, the Corporation, be entitled to become a member of the Fund." President Roosevelt has recently appointed the three directors of the Corporation.

These directors, representing the administration, face a dilemma. If they make all licensed banks eligible at once for insurance of deposits, they will take a great many tottering, even insolvent, banks. It is believed even that 90 percent of the non-

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member banks cannot qualify. Obviously such a course would put a burden upon the insurance plan which in turn would create violent opposition to it on the part of many of the strongest national and state banks, perhaps even inducing them to withdraw from the Federal Reserve System rather than incur the responsibilities of participation in the fund. Without the stronger banks the Deposit Insurance Fund faces the danger of being bankrupt before it commences to operate. If, on the other hand, the directors vigorously exclude the unfit banks, immediate runs and certain failures will destroy the banks that are left out, with grave consequences, of course, to all the others. The fact is that the maladroit device of the Corporation for drawing the banks gradually into a single unified system has made the existence of unsound banks not only intolerable but immediately disastrous.

The administration and its banking advisers are aware of this dilemma. They have tried to avoid it by permitting the R.F.C. to provide new banking capital by purchasing preferred bank stock. So far, the requirements of the R.F.C. have limited its usefulness in this direction. The formula demands that the bank write off all losses and virtually all depreciation on investments. The formula then allows the bank to issue as much preferred stock as there are remaining free capital funds. But any bank needing real assistance is caught here between the upper and the nether millstones. Such charge-offs as the R.F.C. quite properly demands would exhaust the capital of most of the banks which have to be helped. If the R.F.C. is to fulfill its function of assisting the banks, it must not, in the interest of prudent banking, relax its requirements for charge-offs, but it must be willing to allow banks to issue more preferred stock than it does now.

There is a way out, which the government is apparently preparing to take. The Federal Deposit Insurance Company could determine, through the agency of the twelve Federal Reserve Banks, exactly how much new money would be required to supply every licensed bank with free capital equal to at least one-tenth of its deposits—after all losses, doubtful items and depreciation on investments had been charged off. This would probably be between $800 and $900 million. After the R.F.C. had satisfied itself that the proper charge-offs had been made, the money could be advanced regardless of its relation to the amount of the old capital. If the R.F.C. issued its own debentures in payment for the preferred stock acquired, the government need not borrow a cent to complete this transaction. It would, however, take a substantial risk, since the R.F.C. debentures would carry interest charges, while the preferred stock might turn out to be worthless.

Is this a prudent investment? That depends upon its effect. If it results in sufficiently larger use of credit and stimulates recovery, and if it prevents people from losing confidence in the banks again, it will probably be safe. But if, in spite of everything, we are to have another banking crisis, it will be kissing goodbye to $900 million in order to bail out banks which have never been under national supervision and have been badly mismanaged.

In any such transaction the government suffers the disadvantage that ownership of non-voting preferred stock gives it only a secondary status in the equity of the banks, without complete authority and responsibility. It will have no administrative control over the policy of the banks to whose rescue it is forced to come. It will not, for instance, be able to compel the adoption of a more liberal credit policy, if that is desirable. Nor will it be able to merge such banks as need merging for greater strength. At least, it will not be able to do these things except by exercising indirect influence. Why should the government supply the necessary funds except to create a really sound banking system, under proper administration? It would have been much better if, as The New Republic suggested last spring, legislation had been passed to enable all the local banks to be brought under the direct ownership of the twelve Federal Reserve Banks by purchase of their common stock. Then mergers could have been carried out, there would have been no question of any bank's solvency, deposit insurance would have been unnecessary, hundreds of millions need not have been extended for additional capital and administrative authority could have been put in responsible hands.

Under the law as it stands, the government has power only to take the roundabout method of buying non-voting preferred stock. The emergency may lead it to do this. But if it does, every possible door should be left open for the sort of action recommended above. Instead of a timid, self-effacing partnership, a partnership which takes the risk but has no voice in the business, there should be substituted a bold and complete acknowledgment of the public's vital interest by entire public ownership and operation of all commercial banks. This is the only good way out of our banking confusion. The administration, however great the immediate pressure, should do nothing which will prevent this action when Congress meets in January.

THE NEW REPUBLIC

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The Last Stand of the Junkers

THE RESIGNATION of Dr. Alfred Hugenberg, Minister of Commerce, Industry and Agriculture in the Hitler Cabinet and leader of the National Front, revived the hopes of those who still believed that the Nazi regime had reached its climax and would soon break down under the weight of its own inadequacies. The government would be dissolved, a new deal would result in which the Centrist party, perhaps even organized labor, would stand behind the embattled Junkers in a supreme effort to overthrow the hated oppressor. But reality spoke a different language. Within a week the National Front (German Nationalist Peoples' party), the Kampfringe and other subsidiary nationalist organizations had submitted to "voluntary" dissolution and the Steel Helmets had been placed completely under Nazi domination. Parliamentarianism breathed its last.

Only the politically artless will believe that this disposes of all opposition to the present regime, that all Germany has now become National Socialist. On the contrary. By definitely shutting out all other parties from participation in the government and relieving them of all responsiiblity for government affairs, Hitler forced the parties of the Right into an opposition they were reluctant to take of their own accord. The labor parties, stunned and helpless from the blow they had blindly failed to anticipate, are beginning, under the greatest difficulties, to reassemble their forces for illegal work. The Communist party, whose underground apparatus was in operation before the Hitler regime was twenty-four hours old, although the machinery moved slowly and ineffectively, is and will continue to be a potent factor for rebellion. The press daily reports raids on Communist printing plants and arms caches and numerous arrests of propagandists. The Social Democrats and their Left secession, the Socialist Workers' party, organized two years ago, also show signs of reviving activity. But it will be years before labor has been sufficiently reorganized and its strength sufficiently restored to turn a defensive into an offensive movement. Centrists, facing the choice between political impotence or boring from within the only party officially recognized, will choose the lesser evil.

Germany has always been a land of contradictions. The proud home, until January 30, 1933, of the largest and most influential labor movement in the capitalist world, it now, a generation later than any other important European nation, faces a showdown between the great industrial and landowning classes. Prussian Junkerdom, a remnant of the age of feudalism, reaches over into modern times, fighting tenaciously against the supremacy of industry in the modern world. Indirectly Junkers owe their continuation in power to the success of the German labor movement: their great wealth, their hatred of the pretensions of the working class to political and social equality and their generations of training in the military arts made them valuable allies to the German capitalist who, under other circumstances, would long since have shaken off their political and social domination.

It was Hugenberg's determination to overthrow the growing revolutionary labor movement that led him, confident of his power to hold a check-rein on the upstart Hitler, to enter into a government with the National Socialist party. The two groups, representing fundamentally irreconcilable interests, were able to work together only so long as the process of destroying the labor movement overshadowed all other issues. This objective accomplished, there was nothing left that could keep the Junker party and that of the middle and higher bourgeoisie in step. Dr. Hugenberg's resignation, after he had been forced to relinquish to the National Socialists two of the ministries he held in the Prussian Cabinet, was the outward recognition of the victory of Germany's heavy industrialists over Junkerdom. The former, having financed Hitler and his party for almost ten years, had presented their accounting and were promptly paid.

To hold the National Socialist party and its obligations to the heavy industries alone responsible for the fall of the curtain on Germany's Junker class, however, would be to overlook the inevitability of this dénouement in a modern industrial state whose very existence depends on the cultivation of world commercial interests and amicable international relations. The Junkers demanded high tariffs on foodstuffs as the one means for rescuing the bankrupt estates of the large landholding class from complete obliteration. They demanded the reduction of imports to the irreducible minimum, and in the case of a number of agricultural products, the complete stoppage of all imports. Hugenberg was moving cautiously but none the less surely in the direction of a national self-sufficiency that would end in the destruction of industry and the impoverishment of the masses dependent upon it. This became appallingly apparent in the first five months of the Hitler regime. Wages dropped and prices soared. In the Rhine Palatinate more than a thousand retail stores stopped selling butter in May because the population was unable to pay the exorbitant prices for butter that were the outcome of the government's import restrictions. In Saxony, the German state with the poorest population, tens of thousands of families have stopped using fat in any form since Hitler has been at the helm, dampening the bread

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of their children with water and sprinkling it sparingly with sugar to make it palatable. In Berlin the consumption of butter dropped two-thirds between June 15-30, that of margarine one-half and of pork fat three-fifths. In the German capital conditions were rapidly approaching a state comparable to that existing during the War. In the poorer and middle-class districts the sale of meat products dropped 25 to 30 percent. Butter, fat and meat became luxuries in the Dritte Reich. Although the government publishes no official figures, probably because it fears to expose the inefficacy of the measures it has sponsored, private agencies in a position to judge market conditions report a sharp drop in the sale of cereals and grains during the last months. A large bread-manufacturing concern in western Germany reports that the sale of bread has fallen more than one-third below figures for the same period last year and that the retail sale of flour is 40 percent below that of the corresponding period in 1932.

Beyond a doubt the great landed estates were the chief beneficiaries of these enormously inflated prices. The small peasant benefited only slightly. The National Socialist party has always drawn its adherents chiefly from the middle class in city and country. Its program expresses the demands and needs of the small peasant and the independent artisan, who look to it to free them from the oppressive competition of large landowners on the one hand and organized capital and industry on the other. The great estates produce and sell grain, dairy products and cattle on a large scale—the very products, in other words, whose importation was so rigidly restricted under the Hugenberg tariff laws. The small farmer profited little by these protective measures. He does not need exorbitant price inflation, but increased buying power for the urban population and increased acreage for himself and his sons with which to meet the demands of this expansion. It was only natural, therefore, that Hugenberg's course should meet with vigorous opposition from the poor peasant class. As spokesman for the Junker party he could not represent its interests and support the agrarian program of the National Socialists, which, vague though it is, is definitely committed to the expropriation of large landed holdings. In Königsberg, the capital of East Prussia, the most important agricultural center of Germany, an extraordinarily well attended convention of peasants, held in the middle of June, adopted resolutions which called peremptory attention to the difference between the agrarian theory and practice of the Hitler government. They emphasized the fact that the peasants of Germany had been chiefly instrumental in laying the foundations of the National Socialist movement and in carrying it to a victorious conclusion because Hitler had always stressed the need of decisive action for the farmer. The results, the convention definitely stated, have been more than unsatisfactory. The farmer is worse off than before and the great landholders are more firmly entrenched than they were before the War. After a long speech in which the Nazi Oberpresident of East Prussia, Koch, tried to defend the government, it was decided to send a telegram to the Chancellor demanding the immediate expropriation of the landed estates and their division into small parcels for landless farmers and agricultural workers. Soon afterward Hitler received a deputation of East Prussian peasants and a week later—one day before Hugenberg's resignation—a plan for relief of the East Prussian farming population was published. It proposed, among other measures, the partial confiscation and division into small farms of the huge estates of the bankrupt nobility of East Prussia.

Hugenberg's successor in the Ministry of Agriculture, R. Walther Darré, negotiated with representatives of the landed aristocracy until, on August 24, the East Prussian gentry announced its readiness to place 20 percent of its holdings at the disposal of the government. Though Section 17 of the National Socialist program demands "a system of land reform in accord with our national requirements; the passage of a law which shall provide for the expropriation without compensation of land for socially useful purposes . . ." the big landowners will be handsomely recompensed for their voluntary donations. A Prussian law just passed by the Cabinet "to regulate the inheritance of land" provides for the sale of such estates at an "acceptable price." The organization of the large landlords appealed publicly to its members to place their quota of land at the disposal of the government as soon as possible. Agrarian organizations in other parts of the country followed suit, but no definite requirements as to proportion of land to be relinquished were made. Since these contributions are determined by voluntary agreement in each case, the landholder may and does contribute his unprofitable acres, land which he could not have sold at all, certainly not at the price the government will pay. To that large portion of the landed gentry which is on the verge of bankruptcy, the proposed "expropriation" will become another subsidy out of the nation's treasury rather than a sacrifice for the common weal.

The framers of the Nazi program realized that no improvement in the lot of the German peasant is possible without the division of these holdings. The independent farmers in Germany number 2,200,000; the number of those engaged in agricultural pursuits is 5,096,624. In other words, more than half of those who make their living on the farms of Germany are tenant farmers. Of more than five million farmers—according to the industrial census of 1925—18,668 persons own 128,875,000 acres, or 20 percent of the cultivated land of the nation. On the other hand there are more than three million farms of from one to five acres, 900,000 of from six to thirteen acres and 956,000 of from fifteen to fifty acres, the last named constituting 35.8 percent of the total area under cultiva-

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tion in the Reich. Hitherto the large landholders had successfully concealed the antagonism between the interests of the small landowners and their own by cleverly conducted propaganda for an agricultural united front. The League of Landowners, a pre-war organization which continued in existence after the collapse of 1918, had prevented the demand for the expropriation of the large landed estates from gaining ground. The fact that the price of grain and food products increased enormously after the War obviated the land hunger that had contributed materially to the success of the Russian Revolution. Had the Socialist parties at that time laid greater stress on their demands for the expropriation of the landed aristocracy, the course of the German revolution might have been different. Certainly the Fascist movement would not so easily have won the support of Germany's peasantry. Today, in a world overstocked with wheat, the government may defy the large estates with impunity, without fear of a food shortage, should the large estates strike back by refusing to produce. The rebellious sentiment that pervades the farming population demands action at any cost. Old allegiances are going by the board. The class antagonisms within the "Green Front" are becoming more apparent from day to day, a development which is in line with Hitler's present needs and those of the industrialists behind him. The Chancellor acceded tc the demands of the poor farmers for new colonization areas all the more readily, because such a step will at once relieve the intolerable pressure that unemployment in the country districts produces upon the industrial areas.

The reduction of the large estates, cautiously as it was carried out, will not bridge the chasm between the feudal lords and the Nazi regime. The Junker demands political power. Moreover, the National Front has the backing of important business groups, for large-scale agriculture and business in modern Germany are inextricably interwoven—Hugenberg himself is one of the country's outstanding industrial magnates. The history of the aristocracy and its tenacious determination to maintain itself in authority found drastic expression in its attitude toward the Hohenzollern family. It wanted an absolute monarchy so long as the monarch obeyed the Junkers—*"Und der Kaiser absolut, wenn er unsern Willen tut."* It was the feudal aristocracy that forced the Elector of Brandenburg and later the King of Prussia to do its bidding. After the unification of the Reich the Junkers held the upper hand; on the few occasions when the emperors attempted to resist their domination it was the emperors who were forced to capitulate before their ruthlessness. The republic left all this much as it had been. The Prussian nobility was permitted to put itself at the head of counter-revolutionary organizations, the Freicorps and the Reichswehr. All important executive offices remained in the hands of a bureaucracy closely allied by sentiment and tradition with the feudal aristocracy, a bureaucracy, as Hitler will soon find out to his sorrow, that is still an element to be reckoned with, fascist coördination to the contrary notwithstanding.

The German aristocracy has always shown amazing political wisdom and a demagogic adaptability to the mental process of the "little man." True, National Socialist propaganda in a time of severest industrial depression robbed the Junkers of a part of this following. Nevertheless, they were able, in the incredibly short period of three months, to create the German National Kampfringe with a membership of approximately 200,000, most of them former members of the Steel Helmets and other pronouncedly monarchist-nationalist organizations; to develop, after all existing youth organizations had been officially dissolved, the hitherto insignificant Bismarck League into an aggressive organization with a sharply defined anti-National Socialist ideology, building it up to 82,000 members before it was dissolved on June 21; and to organize Nationalist shop cells among the workers in a number of important industries. Theoretically the Nationalist organizations of yesteryear, the Scharnhorst-Bund and the Steel Helmets, were absorbed into National Socialist organizations. Actually they are still and will remain antagonistic elements in the Hitler body politic. This is equally true of those Christian Social workers and petty bourgeois who support the new regime today because they expect it to bring freedom from the oppressive weight of trustified industry and trade. They, too, will return, sadder but wiser, to their old allegiance—the political organization of the Catholic Church—as Hitler's inability to fulfill his vast promises becomes more painfully evident.

The Junkers will not create illegal organizations. Their age-long family connections and their traditional subservience to unspoken discipline make this unnecessary. Theirs is a bred-in-the-bone allegiance to the cause of their fathers. They will sabotage the work of the National Socialist movement within its own ranks; they will trip up the Hitler government in its difficult international relations by extreme demands and inconvenient expressions of opinion. Dr. Hugenberg's Colonial Memorandum in London is a case in point. These masters in the art of intrigue will be able to force the "National Revolution" to compromise after compromise, until much water will have been poured into the heady wine of National Socialist promises.

Storm Troop divisions whose occasional noisy protests are reported to this country with the usual sensationalism of the foreign press correspondent may be interpreted by the uninformed as presaging the overthrow of the Hitler regime. They may hope that dissatisfaction with promises unkept will speed the growth of a new aggressive labor movement. For the present, however, the most dangerous enemy of National Socialism stands at the Right, in the ranks of the old-line Nationalists.

LUDWIG LORE.

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Employment Reserves vs. Insurance

[*The following article is a comment on, and to some extent a reply to, the article by Abraham Epstein, "Enemies of Unemployment Insurance," which appeared in our issue of September 6.*—THE EDITORS.]

THE 1933 campaign for state unemployment-reserve or insurance laws has properly focused attention on the widely varying American proposals in this new field. In an able article in The New Republic, Abraham Epstein attacks the unemployment-compensation bills which were introduced in twenty-seven states this past winter. His argument is fairly typical of one type of approach and deserves to be answered.

As a warm friend of social legislation, he undertakes to explain why not one of these bills was enacted into law. The reason, according to Mr. Epstein, lies in the character of the specific bills introduced. He charges that they were so utopian in their aim, so inadequate in their benefits and so ill advised in their method of raising funds that they failed to elicit much support among workers or the public, while at the same time they aroused an entirely unnecessary amount of opposition among employers. Mr. Epstein speaks as a practical man with sixteen years' experience in dealing with legislative bodies and a record of outstanding success in obtaining state old-age-pension laws. So he is sure to be listened to with respect. Yet critical comment on Mr. Epstein's analysis seems in order from those who believe in the type of unemployment-compensation bill which he so roundly condemns. Such comment may appropriately come from one who watched closely the successful campaign for the Wisconsin unemployment-reserve act of 1932.

Mr. Epstein's basic criticism of the unemployment-compensation measures introduced in 1933 applies particularly to the bills modeled on the pioneer Wisconsin law. It is these bills which failed, according to his view, to elicit sufficient support because they were too utopian in their aim. Mr. Epstein indicates his own limited conception of the proper aim for such measures in a single negative sentence. "It is no more the mission of unemployment insurance," he says, "to abolish unemployment than of life insurance to abolish death." Along the same line he asserts at another point that, so long as we adhere to the competitive system of production, "the project of abolishing or reducing unemployment" can be nothing more than "a worthy diversion for intellectuals, reformers and academic theorists."

Of course Mr. Epstein or anyone else is entitled to have his say about the preventability of unemployment. But after all he is only stating a personal opinion for which no conclusive proof can be adduced, since an organized long-run program to stabilize industrial operations has never been undertaken in this country. Without question the Wisconsin act and the bills modeled upon it *are* based on a view contrary to that of Mr. Epstein. If he chooses to call them utopian, let him.

The Wisconsin act does assume that a substantial part of existing unemployment can be eliminated if those who control industrial operations really tackle the job. Of course this does not mean that any employer who wanted to could have run his plant steadily throughout the present depression. It does mean that much of the irregularity of operation that persists in most years and even in the height of so-called prosperity is probably unnecessary, and could be reduced or done away with—provided as much inventiveness and business brains were applied to this as to other technical and marketing problems. Of course one cannot be sure just how much unemployment will prove preventable under such a program—except by trying the program. Truth continues to be a process of verification rather than a dogmatic advance certainty that nothing can be done. Before the depression a scattering of employers in diversified industrial fields were demonstrating the feasibility of regular operation. If their methods were universalized, not only should much "good times" unemployment be eliminated, but it is at least probable that the depth of the next depression might be substantially reduced.

The Wisconsin act, then, is based on a belief that much unemployment can and should be eliminated. It has therefore a double purpose. It is designed, of course, to provide compensation for unemployed workers. But, equally important, it is designed to furnish each employer the maximum financial and psychological incentive to stabilize the operations of his own concern. Through the device of an individual plant reserve financed by the individual employer, from which benefits are paid only to the workers whom he lays off, it makes him responsible only for the unemployment which he himself creates or can best control. Through the device of a contribution rate which decreases as the reserve accumulates, it provides that the more regular his operations the less his current financial burden for unemployment compensation.

In the past the employer had no obligation toward his workers when he did not need their services. Though he was in theory the risk taker, he in fact shifted to their shoulders one of the heaviest risks of his business. His fixed charges, including interest on bonds or mortgages, he had to meet in fair economic weather or foul; his wage

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bill he could and did cut to zero at a moment's notice. Thus he gave a high degree of security to those who invested money in his enterprise, but none to those who invested their working lives. Mr. Epstein and the proponents of the Wisconsin act are in agreement that such insecurity for workers is a serious defect in our economic system. Mr. Epstein proposes to accept its underlying cause, but to mitigate its results by requiring workers to insure themselves against unemployment—with aid from the public and from employers in general. The Wisconsin act prefers to tackle both cause and result, by putting the responsibility for workers' security where it properly belongs—on the individual employer, the person who is supposed to assume the risks of a business enterprise. It therefore requires him to build up a reserve, from which to pay unemployment compensation if he cannot provide steady work and wages.

Of course at the outset the employer's obligation is far from absolute and the security afforded his workers is by no means complete. Everyone admits the inadequacy of the benefits provided under the pioneering Wisconsin statute—just as Mr. Epstein no doubt admits the inadequacy of the pensions provided under his old-age-pension laws. When other states have joined Wisconsin, the contribution rates can be raised and the benefit periods extended. But whatever the rate, the individual employer under the Wisconsin plan will build up his own reserve and will be able to quit paying into it to the extent that he is able to provide steady employment to his workers. He will thus have a clear-cut obligation toward his own employees and a definite incentive to give them regular work if possible.

Such is the philosophy behind the Wisconsin act. Mr. Epstein calls it utopian, but denies that it is radical. Its proponents demand that it be tried before it is condemned as a "pipe dream"; but they are quite ready to admit that it is a radical departure from existing modes of thought, more radical than any other form of social legislation so far adopted in this country. Consequently, unlike Mr. Epstein, they are not greatly surprised that it did not sweep the country this winter. (Until December, 1931, no such bill had passed even one house of a single state legislature.) After all, no form of unemployment compensation can honestly be advocated as a remedy for the present depression. Minimum-wage and child-labor legislation did make considerable headway this year, on an emergency basis; whereas unemployment compensation had to be urged as a remedy for future not present unemployment. Moreover, because of its far-reaching implications, it was bound to arouse more opposition among employers than the other kinds of labor legislation which many of them endorse.

Probably we cannot expect unemployment-compensation laws to be enacted anywhere without a prolonged educational campaign, such as that which went on in Wisconsin for more than a decade. By degrees Wisconsin employers admitted the necessity for unemployment reserves, and their protests against state compulsion and control grew gradually fainter. This spring they coöperated with organized labor not only in temporarily postponing contributions under the act until business conditions improve, but also in drafting a bill of more permanent amendments, unanimously passed by the legislature in early July. It will probably take vigorous and sustained educational work to achieve similar acceptance in other states.

The careful reader may have noted that Mr. Epstein's chief explanation of the failure of unemployment compensation to make headway in 1933 applies only to bills on the Wisconsin model. It is those bills which Mr. Epstein characterized as utopian because of their emphasis on regularization of employment. But unfortunately for his argument, the other kinds of unemployment-compensation bills—in Ohio, Minnesota, Maryland, Illinois and elsewhere—went down to a similar defeat; although, as he himself points out, they sought "security rather than stabilization" and hence, according to his own analysis, hardly deserve the epithet "utopian." Mr. Epstein has had to find some other explanation for the sad fate of these non-utopian bills, and has hit upon a rather odd one. He declares that their proponents were guilty of "an almost insuperable error in tactics" in failing to raise some (or perhaps all?) of the unemployment-insurance funds by general taxation.

No doubt Mr. Epstein's old-age-pension experience suggested this explanation. Old-age-pension laws are financed by taxation and have been relatively easy to get passed. Unemployment compensation as proposed in this country is to be financed without resort to taxation, and such laws seem to be hard to get passed. Apparently Mr. Epstein assumes that the first difference explains the second. But he neglects another more important distinction between these two types of social legislation. After all, society has for generations recognized its obligations to the indigent aged. Old-age pensions are merely a substitute for another form of tax-paid relief. In several states, a chief argument for the pension system was that it cost less than the almshouse, and proof was provided in figures from counties and states that had tried it. Unemployment compensation on the other hand will undoubtedly cost more, for the same amount of unemployment, than the present tragically inadequate public or private relief. It will compensate for much unemployment now carried entirely by the unemployed themselves, or borne by others in the community through unpaid rent and doctors' and grocers' bills. However financed, it will lift a part of the crushing burden of unemployment from the shoulders of its victims. Thus compensation for unemployment is in marked contrast to pensions for the aged.

Has Mr. Epstein any valid reason for thinking that employer opposition to the new legislation will

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be diminished if benefits are financed in part (or in whole) through taxation? To be sure, if he advocates financing through a sales tax he may find friends among employers quite ready to have the general public assume the burden, and to be assured that their share will bear no relation either to their personal wealth or to their responsibility as employers. For example, Mr. Emery of the National Manufacturers' Association advocated a sales tax for relief as a substitute for unemployment compensation, at a 1931 legislative hearing in Wisconsin. But if Mr. Epstein proposes to raise the money to pay unemployment insurance through any tax based on ability to pay, he will discover that the taxpayers' associations which he lightly dismisses are serious affairs. Of course, as he himself points out, they are merely business men's organizations in disguise. But he should not underrate the intelligence of business men. He will find that they are well aware who pays personal income and inheritance taxes and will fight vigorously anything increasing such taxes. A direct contribution to unemployment reserves based on their pay rolls they may hope to shift in part to the consumers of their products. From well drafted income or inheritance taxes they know there is no escape.

If Mr. Epstein had been in Wisconsin during the special session of 1931-32 he might have compared the mild employer protest against the successful unemployment-reserves bill with the angry hordes of business men who packed the state capitol to fight Governor La Follette's relief bill because it substantially increased the rates and effectively stopped up the holes in the state income-tax law. We suggest that he could learn something about the relative good grace with which business men pay stiffer income taxes or set up company reserves for unemployment by asking the first few citizens from Wisconsin he meets which of these contributed most to the progressives' defeat in 1932. The unemployment-compensation law was not a major issue in that campaign; but the whole state knows that the savage attack on Phil La Follette was led by men of wealth who for the first time had to pay personal income tax on the dividends of the Wisconsin corporations which they own, and who could no longer escape the Wisconsin income tax (as they and Mr. Morgan still escape the federal tax) by creating and deducting sufficient capital losses.

Mr. Epstein will speak with somewhat more authority on how to pass unemployment-compensation laws when he has actually obtained passage of such a bill as he now advocates. In the next few years he may possibly discover that so long as we adhere to the competitive system of production American business men will prefer to shoulder their own burdens rather than be taxed to help carry the burdens of their competitors. He may also find that American labor feels strongly that it is not workers or taxpayers but employers who should provide job security through steadier work or unemployment compensation.

ELIZABETH BRANDEIS.

A Country Editor

EDITING a weekly newspaper in a small town during the depression is not unlike pastoring a flea-bitten church. The editor, like the preacher, is expected to have something helpful to say every week, pay or no pay. He must not only pound out a batch of editorials, which are his sermons, but also hop about the community doing all kinds of social service. He must print news (that is, boosts) of all sorts of movements, just as the pastor is expected to announce them from his pulpit and pray for their success. He is lacking in public spirit if he does not attend good-will banquets where male Pollyannas hold forth on how we have got the depression on the run. He is supposed to fix up a fulsome obituary when the depression liquidates and death claims a leading skinflint. And, although the preacher seems exempt here, the editor acts as a pallbearer when a subscriber fifteen years in arrears departs—a last ministration to one who was faithful in spirit in spite of hard times.

In a period of depression, however, the Lord does not wholly forget the faithful editor—if he hasn't too many mortgages. It seems that so far the weekly editor-publisher, like the doctor, profits by the extremities of others. A merchant about to go to the wall risks a few more dollars in advertising. If the editor or some member of his office or mechanical staff can run around to the store and trade the advertising account out before the merchant makes an assignment, so much toward another weekly pay roll. Then, when a new optimist opens up with a stock of goods, another ad or a series of ads can be expected, and an order for stationery.

For a long time it has been customary for the small-town editor to "trade out" advertising and printing accounts. Lately he has been exchanging printing, advertising and subscriptions for coal, plumbing, medical services and farm produce. The farmer feels the need for news more than anybody else and the editor must eat. Recently we advertised this proposition to the farmers of our section: "You have farm stuff, perhaps more than you can sell. We want more subscriptions. Forget the cash —let's swap!" The results have been gratifying—turkeys, chickens, apples, potatoes, sorghum. One man, who is a farmer because he raises corn, inquired whether we would accept moonshine liquor.

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It is possible that our circulation may grow beyond all bounds.

In hard times people seem to gravitate toward the printed page. Their curiosity is greater. This does not mean that the editor has more paid-up subscribers. Quite the reverse. But it does mean that his paper has a greater circulation. A copy passes from hand to hand. In an apartment house where the occupants know one another, circulation per copy is all the most exacting advertiser could ask. And many readers, who haven't *yet* subscribed, contrive to drop in just when the paper begins to peel off the press. "That looks like a hot paper this week," one will comment ingenuously, watching the sheet as it flashes down the front of the press and shuffles out on the delivery. "Yes," says the proud editor, picking a copy up. "Have one."

Then there are the extremely poor folk who come to town once a week for government flour and back numbers of the paper. They have too much pride, vestigial at that, to beg for a fresh copy. "I'd like to get a last week's paper that you don't need," a washed-out hill-billy in overalls and an army jacket will say, timidly. With old copies under his arm and a current issue in his hands, he goes out scanning the headlines for news of jobs, relief work and prosperity. His kind have about quit hoping for prosperity, though. They come around with hanging mouths and sunless eyes, wasted, apathetic, demoralized, yet curious to see what's in the papers. We confess the most good our gazette does them is to keep the wind from blowing through the cracks of their shanties on the near-by hills.

One problem that perplexes the editor in a depression is that of demanding economy of town and county officials while at the same time trying to chisel legal notices and job printing out of them. He may note with a dig of self-reproach that, while belaboring the county supervisors for their extravagance, he has insisted on their publishing as paid matter certain reports which may be legally circulated in mimeograph form at quite a saving to the taxpayer. And if a competitor gets a fat "county publication," the public-spirited editor will not be satisfied until the notice has been placed in his paper too. In a depression more than at any other time citizens clamor collectively for public service and economy, but howl individually for special favors. The small-town editor-publisher, if he must scrouge to survive, is no exception to the general run of pigs at the public teat.

Yet, in spite of the skullduggery inspired by the depression, in spite of pressure from key men in the community, an editor of any genuine social sensitivity never wholly capitulates. I receive several weekly newspapers—The Independent, of Elizabeth City, North Carolina; The Gazette, of Gloucester, Virginia; Sherwood Anderson's paper at Marion, Virginia; The Review, of Fayette, Ohio, to name a few—whose editors erupt every now and then. Their papers are uniformly what the boosters regard as constructive. Occasionally, one of the editors gives editorial support to something in a manner that shakes the confidence of his more literate admirers. But I have noticed that shortly after he has wallowed in some inconsistency he comes forth with a daring editorial and reasserts his independence.

The depression, so prolific of naïve plans and cures, impels an editor who is ordinarily liberal to make all sorts of radical statements. He has seen so many reforms that have, like the old-time religion, been good for the Pauls of Wall Street and the Silases of the provinces that he wonders how we happen to be in the midst of a crisis unparalleled in history. He has seen so much grafting of branches on a tree that is plainly hollow and dying in the trunk that he grows impatient of further reforms. So every now and then he revolts, says aloud there is no God, insults his customers and shouts "Communism or chaos!" That is not good for business. It takes three or four columns of booster stuff to fumigate his pages.

Because the paper is newsy and editorially aware, even the conservative and orthodox readers brag about it between times. Partly because they are bewildered by the depression, they don't know what else to do about a paper that has been obstreperous for so long without going broke that it rather commands respect. While the banker invariably says "No" when approached for a loan with which to get a roll of newsprint out of the depot, he reconsiders and, for want of any sound objections, lets the editor have the money. The preachers are given space for their announcements, which they bring in regularly—except right after an editorial crack at a visiting evangelist. They are nice, likable fellows, and quite complimentary. "If you just would," they say, "you could exert a great influence here."

And I myself blow up quite frequently. I take no credit for public-consciousness. It is mainly psychological, whatever that term may embrace. After playing the game for a few weeks and being complimented on my "constructive paper," I experience a reaction. I suppose it is like getting religion again at every new revival, meanwhile having accumulated an oppressive burden of sins. While I take no credit, neither am I ashamed. Perhaps it is because I sense ultimate ruin, anyway, thanks to the depression. Maybe it is a Samsonian complex, this taking the columns of a publicity temple and pulling the edifice down upon the community and oneself.

But these assertions of the editorial ego in a depression are not always so terrific and expensive. Most of the repercussions are duds. That is because there is more tolerance about most things in the small town now. Time was when the editor would commit suicide rather than defy the Klan, the Ministerial Association, the Kiwanis or other self-righteous cliques in the community. But the 1928 election smote the Klan and caused a hiatus in the political crusade of the pastors. Overexpan-

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sion and the depression silenced the intolerant factory-grabbers. All the moral, spiritual and economic wiseacres save Babson and Ford have piped down, bewildered or stricken. No particular bravery is required nowadays to unlimber the editorial column in an attack on the dormant Klan, the Elmer Gantrys or the Blue Law brethren, and on these subjects the little editor can explode to his heart's content. In place of them there is a subject that makes a real challenge to bravery today, and that is the intolerance of capitalism. Let an editor attack this desperate monster, let him defend the exploited workers in his own bailiwick, and he will get a lesson in intolerance that will open his eyes to a number of things. I know. I have a bullet hole in my leg as a souvenir of one of my attacks. Harlan is just across the Kentucky line from me.

Norton, Va. BRUCE CRAWFORD.

Encounter

In the rags of a wind
A man who was proud
Called out to me Wait!
The low light was late
When he came: I have sinned
And must say it aloud!

Together we walked:
The late light was yellow
On the inland marsh,
Cold yellow and harsh
Where cattails stalked
And salt grass was sallow.

I heard his heart beat
Between each word.
What he said was this:
I have given a kiss
As Iscariot's sweet
When he hurt Our Lord.

He was done and a silence
Came down on my stare.
His eyes were dark O's
And a great bird rose
Through the tarnished air
Of those sluggish islands.

He lifted a face
Which crowned thorns had bled.
But I said nothing
Of my great loathing
And for my embrace
He held his head.

He had no shame:
I heard the blood drip
Through the white rib bone
Of his skeleton
And I stood with cold lip
Whose sin was the same.

JOHN PEALE BISHOP.

Trouble in Silk

A SHORT time before it received nationwide attention after a riot at Lodi, New Jersey, on September 11, the conflict in the silk industry had developed to its climax. The strike began less than two weeks before as a strike of the broadsilk workers in Paterson, and has already penetrated into the silk areas of Pennsylvania, Rhode Island and upstate New York, and into the allied trades. Its progress has been swift and dramatic. Pending adoption of a silk code, silk plants have been operating under the cotton code, with a minimum wage, this is, of $13 a week for Northern workers and $12 for Southern workers. The North-South differential is clearly due to the lower standard of living in the South and not to the lower cost of living there—not to each according to his need, but to each according to the knowledge he has of his need. The consequence, of course, will be either to divert the silk business to the South, forcing Northern concerns out of business, or to pull down the wages and living standards of the more experienced Northern workers, and the strike is against the inclusion of any such clause in the silk code. It is also to win for silk workers a basic wage higher than that of cotton workers, and a graduated scale for the various types of work in the industry. It is to improve working conditions by making illegal the speed-up and stretch-out systems under which a worker is made responsible for an absurdly large number of looms. The strikers demand the end of coercion and intimidation on the question of organizing, for none of the things they are striking for can be won and preserved without unionization and union recognition by the companies.

These silk workers have been largely unorganized. Where there have been unions, they were chiefly independent craft unions, militant because intimate, but necessarily on a limited front and powerless in industrial struggles. Their organization is at present being pushed by the Associated Silk Workers—connected with the United Textile Workers, which is an affiliate of the A. F. of L.—and by the Left-wing union, the National Textile Workers. The strike is becoming more and more a struggle for leadership between the two unions. One thing is certain, the workers want industrial unionization. It becomes, therefore, a matter of who gets there first. This is no time for deliberate choosing. There is a story current about workers who would have nothing to do with the A. F. of L. and would join only the Associated Silk Workers, which is an A. F. of L. union. What will ultimately settle the union issue is the actual conduct and direction of the strike.

The United Textile Workers called the strike, and the local leaders of the United, Schweitzer and Keller, led and represented it. The National Textile Workers issued a call at the same time and made a bid for united action. It was rebuffed.

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When the strike front had become wider and there was talk of a national silk and dyers' strike, the National Textile Workers began to play a more significant part. Not because of its intensive organizing, although there was plenty of that, but because the Associated Silk Workers ordered its men not to picket. The A. F. of L. unions have always distrusted mass picketing; you can never tell what a picket strike may turn into. But workers won't stay out of work just so they can sit at home, and it has become easier for the National Textile Workers to assume a good part of the strike leadership.

There is nothing more militant in labor struggles than a rank-and-file movement which has turned against its leadership. It may be without definite policy, without a political, or even a general industrial, program of revolt. But in the particular fight it has on its hands, it knows that its strength lies in the mass, and it stops at nothing. The story of the march on Lodi has been told inaccurately in the press. It was not the "Reds" of the National Textile Workers who rushed the cops and forced the gates. It was rank-and-filers of the Associated Silk Workers. The National Textile Workers had called upon silk and dye workers to unite in a march on the Lodi plant of the United Piece Dye Works to get its 5,000 workers out on strike. The Associated told its men to keep away. Nevertheless, many came along and others joined later.

The police of Lodi, which is a company town, hosts of judiciously selected deputies and police of neighboring towns, waited at the plant, armed with sub-machine guns and tear-gas bombs. The workers in the plant had been visited at their homes and told to come to work as early as four in the morning, so they would all be inside before there could be any strike speeches. On the way to Lodi, the marchers made a surprise stop at the National Piece Dye Works in East Paterson. They had not been expected. They shut off the power and before they went on their way were joined by the 1,500 National employees. They did what was necessary, swiftly and grimly, and it was chiefly the members of the Associated Silk Workers who did it. They came to Lodi on foot, in cars and in trucks, the Associated men carrying American flags, blue-eagle placards and photos of President Roosevelt. Moe Brown, National Textile Workers organizer, told the chief of police that he could not be responsible for the mob. Couldn't he see for himself the mood of the men? Wasn't it best to get the company to close down? The plant did not close; its workers were penned up inside. The men charged. The rest of the story was told in the papers, but what is particularly to be noted is that the rank and file of the Associated were the direct-actionists.

Lodi that day looked like war. Or revolution. Dyers from Paterson, Frenchmen, sang "The International." A member of the Associated Silk Workers came away from the charge, the blood trickling down from his nose over the flag he still gripped tightly. Back in Paterson there were all sorts of rumors—a cop had been killed, a tear-gas bomb had exploded on a picket's forehead and he lay raving mad in the hospital. But what was known definitely was that the dye workers had come out, too. The dye industry is, as one of the men put it, the neck of the bottle. All silk passes this way. A national silk strike, then, embracing even the unorganized South!

This is what the men want and they don't need indoctrination to find out what to do to get it. Nor do they need their Associated Silk Workers and United Textile Workers leaders with their polite notes to one another (Russell W. Wood, president of the Easton Associated Silk Workers, denied Schweitzer's appeal for joint strike action because the Paterson strike was merely a "local situation"). Nor do they need conferences with John A. Moffitt, N.R.A. mediator, who called the picketing of the dye plants "treasonable," who threatened the use of federal agencies to facilitate strike-breaking and who prevented the workers from coming out before they did by appealing to their patriotism. It is not to be thought that the men are coming round in a very definite way to the National Textile Workers. Right now they are not deciding what union to hook up with. Many, of course, are signing up with one union or the other, but most of them are taking things one at a time, and it's the strike they've got to deal with now.

Senator Wagner is telling strikers to go back to work and to leave everything to him. But they know that if they hadn't already struck he wouldn't be bothering enough about them to tell them anything.

DANIEL ALLEN.

Washington Notes

Inflation Again: Rumors and Facts—The President's Dream—Status of Douglas and Woodin

IN THE last few days the talk of inflation has been revived in this vicinity in such a way as to convince quite a few of our most erudite observers that some overt act along the inflationary lines of the Thomas amendment to the Farm Bill is being seriously pondered by the inner circle of White House financial advisers. Things change so swiftly here these days that it is well always to keep in mind that football metaphor employed by Mr. Roosevelt at a press conference last spring. There can be no certainty about a play's being made until the signal is called. Nevertheless, there are, I think, at least three fairly sound reasons, aside from the appeals of Senator Pat Harrison, for believing that this particular play is being contemplated and that the latter part of October is the time the planners have in mind to make it.

One of these reasons is the fact, too plain to be ignored, that industrial prices have risen more rapidly and to a greater degree than farm prices. The situation greatly

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pains Secretary of Agriculture Wallace, who, pointing out the disparity, expressed the opinion that the condition was not one to be patiently borne and predicted that unless a means were found to correct it, there was apt to come from the farmer and the public generally an irresistible demand for a dose of inflation. This forecast, made privately and with considerable earnestness, was more than usually significant. As a matter of fact, the condition which he deplores and concerning which the farmers in all sections undoubtedly are disturbed, is one that has been foreseen for some months. It has been the contention of the Farm Administration that if industrial prices were advanced faster than farm prices, the whole recovery scheme would be thrown out of gear and the results be bad. Despite the zeal with which Messrs. Wallace, Brand and Peek pressed the point, the industrial program under General Johnson early attained an impetus that outpaced the farm program.

The Farm Administrator was unable to create the war atmosphere which General Johnson, aided by the enthusiastic corps of correspondents, who are with him almost as a body, threw about the N.R.A. effort, and the net result has been more rapid progress in one direction than in the other. Manufacturer, middleman and retailer promptly marked prices up with the promulgation of the shorter hours and higher wages of their code requirements. In some cases the prices went up even before the codes were accepted. At any rate, the rise in farm prices was by no means sufficient, and the gap between the cost of what he buys and what he sells—of which the farmer has so long and bitterly complained—still exists. I find no one with a very clear idea at the moment as to how it is to be bridged, and yet the injustice of the spread is generally acknowledged.

Another reason given for favoring some inflationary move, such as cutting the gold content of the dollar, is that it will stimulate the Buy Now campaign of the N.R.A., the success of which is concededly vital to the program and about which there is no little trepidation within the N.R.A. headquarters. A further argument is that unless the administration moves in some way to exercise the powers granted under the Thomas amendment before Congress meets in January, the feeling from West and South will be so resentful that it would be exceedingly difficult to prevent the passage of mandatory instead of permissive legislation. The forces back of the Thomas amendment were convinced that the President proposed to use the powers thus conferred and are apt to believe themselves tricked if he doesn't use them. Still another point is made, not as an argument but merely as a statement of weight-carrying fact—to wit, that Mr. Hearst, in all his papers, has begun to urge inflation, and this time he is not without journalistic allies. Quite a newspaper campaign is being made for action along this line.

Now, the interesting thing is that President Roosevelt does not want to inflate—a fact recognized by everyone in position to talk with him about fiscal policies. He realizes that he may have to do so, but is hopeful that it can be avoided. The real dream of the President is to be able next January to announce to the country that the depression is over, the unemployment problem, so far as is humanly possible, solved, the budget balanced, taxes reduced through the repeal amendment, and that all this has been accomplished without inflation. That this is what he would like to do is beyond question. That he will be able to do it is hardly likely. He hopes but does not think so himself. Nevertheless, he will move—if he does move—toward inflation with extreme reluctance and only under extraordinarily heavy pressure. In the administration group inflation will be particularly obnoxious, I think, to Secretary of the Treasury Woodin and Budget Director Douglas. The rest of the Cabinet and department heads will accept it without complaint if the President leans, but Messrs. Woodin and Douglas are expected to make a formidable protest if it becomes necessary, in order that the "country may understand our position," on the assumption that the country cares.

If, as is now expected, Mr. Roosevelt is forced for the sake of his program to take such a step as reducing the gold content, it may furnish the excuse for the retirement of Mr. Woodin from the Cabinet. If that occurs, the idea cherished by so many some time ago that he would be succeeded by Mr. Douglas no longer seems sound. The fact is that there seems more reason for believing that Mr. Douglas is not really so close or important a presidential adviser as he was some time ago. I am informed that Mr. Douglas was not in accord with the public-works program and still looks upon it with a jaundiced eye. He let it be known, I am told, that he did not believe $3,000 million could profitably be spent, that a large part of it was sure to be wasted, and that the main result would be a great increase in the fixed government charges, thus rendering a balanced budget out of the question and undermining the foundation of the whole program. These arguments were, of course, all made last year—were in fact used by the lamented Hoover to kill the La Follette-Wagner bill in the spring of 1932. They are still held by a good many orthodox men of both parties, and those who know Mr. Douglas well are not in the least surprised that he should cling to them.

None the less, they do throw him rather out of step with a very vital part of the administration's recovery program, and it is easy to understand that his position as an adviser should be somewhat impaired, without, however, in any way creating dissatisfaction with the particular work to which he was assigned. The notion, quite prevalent a few months ago, that Mr. Douglas was expanding so as to function in a great deal larger territory has been pretty generally abandoned. It was interesting the other day, when the President called a mysterious and secret White House conference of his fiscal advisers, to note that neither Mr. Woodin nor Mr. Douglas was there. The former, as usual, was out of the city, but the latter was on hand, and it was the first conference on financial affairs in which he has not participated since the inauguration. I do not cite these facts to show any presidential dissatisfaction with Mr. Douglas as Budget Director, or to forecast any change in that position. The President looks to him to make the fight to hold the economy gains when Congress convenes next year and expects to back him up in the most wholehearted way. None the less, it is interesting to know that the conviction so generally expressed some months ago that

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Mr. Douglas was so high in presidential esteem that he was being groomed for the most important post, seems completely unfounded now.

Washington. T. R. B.

Other People's Money

Wall Street's Bright Boys—With the Gamblers over the River—When the Raspberry Is a Salute

BECAUSE the city of New York proposes to impose a stock-transfer tax on New York Stock Exchange transactions, the brokers are threatening to move away from New York. To add insult to argument, these "gentlemen," parading down Fifth Avenue in Grover Whalen's parade, seized the opportunity, as they passed the grand reviewing stand, to indulge in an eighteen-minute raspberry to Mayor John O'Brien. I have always contended that there is more bone to the square inch of head in the Stock Exchange than anywhere else in America and now the Booing Boobs come forward with proof of this.

They are against O'Brien. On the eve of an election they rise in anger to assist in his discomfiture and defeat. And if they succeed—then what? Behind O'Brien lies LaGuardia. One shudders to think what may happen to the Booing Boobs if LaGuardia becomes mayor, which is quite likely.

Now as to the possibility of the Exchange moving. The boys are angry. They are talking—just talking. They will calm down soon. When they do there will be no moving. And the reasons are quite obvious. To move they must do one of three things. Either they must pick up bag and baggage and trek across the river. Or they must move the Clearing House and trading floor across the river. Or they must keep the brokerage offices here with branches in other cities and do their trading in the exchanges of other cities—Chicago, Philadelphia, Cleveland.

The tax they are in flight from will amount at most to $5 million a year, imposed not on the brokers but on their clients. But the Exchange has $20 million invested in Wall Street and its members have perhaps twice as much invested in property alone. The banks on which the Exchange flourishes have ten times as much invested. Does anyone suppose that to save their clients from a $5 million temporary tax these bluffing boobs are going to puncture a billion-dollar real-estate bubble?

Another plan would be to keep the brokers' offices here, but move the trading floor and Clearing House to Jersey. Again they would have to build a new ticker system in Jersey and that would take so much time that the period for which the tax is fixed would have expired before the new ticker could be built. It would be possible to keep the ticker system in the present building as the sending system. But if the brokers keep their offices and the ticker system here, the city of New York could still reach both of them with forms of taxation which would be just as burdensome. A tax on tickers has as yet been overlooked, but it would not be for long.

As to the third alternative, which is being actively urged —transferring actual transactions to the floors of some other exchanges—that ought to give Mayor O'Brien a good, loud laugh. The New York Stock Exchange would then be abandoning its own exchange and building up the Chicago or some other exchanges. These fellows will remember presently that they have 1,300 memberships in the New York Exchange which have been worth in good times as much as $625,000 each and which are now worth around $200,000 each. This makes a total market value of from $260 million to $812 million. Does anyone suppose that they are going to throw all this value into the ashcan just to save their clients a $5 million tax?

The Booing Boobs are just trumpeting through their hats. What is more, Tammany Hall has been the best friend they ever had and they know it. And what is more, if the Stock Exchange ever moves from New York City to join the parade of the race-horse touts, illegal bookmakers, outlaw pools, bootleggers and all the other parasitic gangs which have always flourished across the river under the protection of the corrupt political ring of northern New Jersey when driven from New York, that day the knell of the Stock Exchange will ring. The powerful support of New York in Washington will be withdrawn. Behind the figure of O'Brien looms the shadow of Congress and a nation incensed at the outrages of this big gambling joint.

There is more to this. The complaints of the Stock Exchange about the excessive taxes are just so much of their well known boloney. Poor Richard Whitney, with his fine façade and his respectable bearing, has been called on to make more stupid statements for his harried institution than any other man in its history.

There is a state tax of three cents a share on stock transfers where shares are under $20, and four cents where they are over $20. On 100 shares of United States Steel stock at 30—$3,000—the tax was $4 when the law was passed—about one-twentieth of one percent. Today, with United States Steel at 55—or $5,500 for 100 shares—the transfer tax would still be $4, or almost half what it was when the state tax was passed. In the case of a stock like National Distillers, which is up 400 percent, the actual reduction is even more. With the city tax the actual burden on stocks will not be much worse than it was six months ago without it, because of the rise in stock prices. And this tax did not prevent the Exchange from having a runaway market in July with a little orgylet of speculation.

The simple truth is that all this noise is not for the customer at all, but for the benefit of the dwindling collection of floor brokers, who are the most mischievous little group of men in America; who are pure gamblers; who cluster around various posts where there is activity like so many infectious germs and buy in and out of various stocks on fractions of a point. They used to be very numerous in the old days when there were almost no taxes. Besides, many commission brokers trade for themselves in the same way. They could then trade on changes of price as low as one-eighth of a point. But as taxes rose, this became more difficult. There used to be about two hundred of these parasites on the Exchange. There are now perhaps thirty

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to fifty. Another tax of four cents will be a blow to them and that will be a most excellent thing. But it is not going to hurt the customers very much. And what is more, the Exchange is not going to do anything about it. Their cries are just a lot of futile noise. Poor Mayor O'Brien, who has been ridiculed and humiliated these last few months, ought to get a crumb of comfort out of this. It is an honor to be booed by these gamblers.

JOHN T. FLYNN.

Angels Bowed to Gaze

Portrait of Mrs. Siddons, by Naomi Royde-Smith. New York: The Viking Press. 296 pages. $3.

IT WAS already hard to convey an actor's value, method or characteristic, but the taste and theory reigning nowadays have made it harder than ever. This theory of the seemingly natural and untechnical in the art of acting likes to assume that you just act—anybody who feels the matter to be acted and then acts it is an actor. We will not stay on that argument; it goes with the romantic in art and with democracy, however little sense it makes. And I mention it only to remark that a technical approach to an actor could at least assure us of certain elements in his art. The standard French attitude, for example, is more technical; and there is plenty of writing in French that is convincing with regard to Talma, Le Kain, Rachel or Bernhardt. Knowing something of Talma's method and reading what Talma has to say of the great Le Kain, we can believe we are on solid ground. But where are we to find what—to take one case among us not many seasons ago—Miss Doris Keane did with "Romance"? The record is largely sentimental, from people who were enchanted or reviewers who noted the long run and the box office. The dramatic scope, the poetry, the movment, the technical dexterity, are blurred and must almost be taken on faith.

Fortunately Mrs. Siddons lived in an epoch of a more exact point of view, whatever else it may have been. She came to London to stay in 1782 and held the stage until her retirement in 1812. The two dozen roles were in time doubled in number, and among them shone especially her Constance, Volumnia and Lady Macbeth, and, in the non-Shakespearean, Isabella in Southerne's "The Fatal Marriage," Lady Randolph in "Douglas" and Mrs. Haller in "The Stranger"; though the Lady Macbeth, according to all judgments, it seems, remained the greatest of them all.

Of Mrs. Siddons we have criticism, at one extreme, from Boaden, whose methods are partially suggested by such a passage as this he wrote of the celebrated Mrs. Abington: "I recede with veneration from all attempts to describe what constituted then the upper half of the figure; but I may respectfully insinuate, that Mrs. Abington, as to surface, was not apt to allow the smallest spot to be under the undisputed control of nature."

At the other extreme we know, among the numberless critics of Mrs. Siddons, what Gibbon thought of her, Reynolds, Sir Thomas Lawrence, Pitt, Quin, Mrs. Piozzi, and, in the romantic vein, Madame de Staël. We know what advice some of the leading writers, statesmen and artists of her time gave her as to readings, interpretations and costumes. And her own mind we know from her letters as well as from innumerable other sources and records.

"Portrait of Mrs. Siddons" is not very good. It is rather arbitrary in method, follows a sweet, sophisticated will of its own, and is at times only soft, personal and banal. Its allusions to the theatre art of our own time are for the most part half silly. In the earlier pages it overworks, as if writing for a small group of friends or admirers, the author's figure of a portrait, and how that portrait got painted, as it were, on to the printed page at last. And most of all this book needs more backbone in establishing the magnificent character of Mrs. Siddons and the way in which this character passed into acting that released and expressed so much that the reserve and control of the woman herself allowed expression nowhere else. As she said once to Thomas Moore, she "often got credit for the truth and feeling of her acting when she was doing nothing more than relieve her own heart of its grief."

The record of Mrs. Siddons' acting is not included in this portrait, but a considerable account is supplied of such plays as "Mrs. Haller," "Douglas" and other pieces likely to be inaccessible to the reader and to be regarded as characteristic of the period. The account of Mrs. Siddons' relation to London society, whose idol she was, though to varying intensities according to the year, is valuable, but needs to be more solidly founded on some sort of discussion of the artist's position in social life generally and various countries. The present London muddle between the social and the theatre could also be implied to advantage, the patter and rage in certain society circles over stage celebrities, however vapid, and the society confusion and waste among actors.

In a curious sort of way this history, discussion, portrait or whatever it is, manages to turn finally on Mrs. Siddons' relations with Sir Thomas Lawrence, who, after his fashion, worshipped her all his days, on up to his death in December, 1830, six months before her own. The story as written here lacks point and detail, but ends by getting a modicum of effect, at the very last especially, where the painter, forever under the spell of the Kembles, fell half in love with the young Fanny Kemble and sent her a proof-plate of an engraving after Reynolds' "Tragick Muse," on which he wrote:

"This portrait by England's greatest painter, of the noblest subject of his pencil, is presented to her niece and worthy successor, by her most faithful humble friend and servant, Lawrence."

But afterward he went back and said to the pretty girl that he wanted to have the frame changed, and took the picture home with him. It lay for some days on the table in his parlor and then the secretary was told to take it out of the frame. Lawrence obliterated the words "and worthy successor," the picture went back into its frame. "Cover it up," he said, "I cannot bear to look at it." He died a few days later.

However faintly drawn, this subject of Lawrence comprises the best portion of a book whose quality is curiously elusive and stature strangely slight beside the splendor of its subject. And yet by the same elusive token "Portrait of Mrs. Siddons" is worth reading.

STARK YOUNG.

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Labor and the N. R. A.

AT THE end of the third month of the Recovery Act, it is estimated that approximately 85 percent of the nation's employers, representing 14 million workers, are enrolled under the Blue Eagle. What effect the various codes and agreements have had on employment and purchasing power is, however, not yet known. A census of employment gains, which General Johnson is planning for the first two weeks in October, may throw some light on the N.R.A.'s effectiveness in this respect. Meanwhile, a number of factors cloud the picture. President Green of the A. F. of L. declares that labor's hope for a general thirty-five-hour week has not been fulfilled and that the maximum working week now permitted in a majority of cases—ranging from forty hours upward—is too long to effect any sizable amount of reëmployment. A decline of about 20 percent in industrial activity, since the high point in July, has further checked the N.R.A.'s reëmployment drive. Weekly earnings have risen over the past few months, but the sharp rise in the cost of living, according to the National Industrial Conference Board, has probably prevented any increase in the purchasing power of individuals. Total wage income, of course, has increased—possibly by several thousand millions. Thus it may be said that the N.R.A., instead of giving more purchasing power to workers, has given more workers purchasing power.

Since it was formed on August 5, the National Labor Board has settled nineteen labor disputes, involving 400 firms. About 200,000 employees, it is estimated, have been returned to work, or kept from striking, through the Board's arbitration facilities. The principal cause of the disputes was non-recognition of employees' representatives. In some instances—as in the strike of 8,000 dressmakers in Chicago—the workers complained that employers were not abiding by the terms of the N.R.A. code which they had signed. The settlement of this strike, which was considered the first major test of the power of the N.R.A. in Chicago, reduced hours from forty-four to thirty-five a week and increased wages from 15 to 25 percent. Other disputes settled covered a wide range of industries and included the Buffalo waterfront strike involving 800; the Cleveland street-railways dispute, 3,000; the Chicago millinery strike, 4,500.

Despite the efforts of the N.R.A. to settle labor disputes through arbitration, more workers are now on strike than at any time during the last ten years. Early in August, the United States Department of Labor estimated that over 300,000 were striking. The number may be considerably larger by now. During August nearly 400 strikes were reported—about 100 more than were reported in July and ten times as many as in August of last year. Together with this tremendous spurt in strike activity, the International Labor Defense reports a sharp increase in arrests in strikes—1,076 in August as against 75 in July. St. Louis, which has been unusually free of labor troubles in the past, finds itself with eighty-one strikes, many of them among the needle trades. Approximately three hundred pickets have been arrested there, and the manufacturers—for purposes of industrial warfare—have organized the St. Louis League for Industrial Peace.

By unanimous action the National Labor Board has reaffirmed the provision in Section 7 of the Recovery Act, which declares that "employees shall have the right to organize and bargain collectively through representatives of their own choosing and shall be free from interference . . . of employers . . . in the designation of such representatives." The ruling was made as a result of the refusal of the Berkeley Woolen Mills at Martinsburg, West Virginia, to recognize a local of the United Textile Workers' Union, which its employees had joined. The company, insisting that representatives of its workers must be confined to its own employees and that it would not recognize a national union, had discharged seven employees for union activities. The action of the company, the Labor Board has now ruled, constituted a violation of the Recovery Act. "Employees have the right," according to the Board's interpretation, "to choose anyone they wish as their representative and are not limited in their choice to fellow employees." About four hundred employees of the Berkeley Mills have been on strike for a month, demanding recognition of the union.

Contrasted with this ruling of the National Labor Board are the efforts of some N.R.A. officials to outlaw those unions suspected of left-wing leadership. In the Paterson silk strike, John A. Moffit, United States Department of Labor conciliator, is reported as saying that he will not deal with the National Textile Workers' Union. He does not believe, according to The New York Sun, that a representative of the government should "deal with groups working in opposition to American institutions." The National Miners' Union, which is leading the coal strike in New Mexico, is meeting with similar treatment. Mexicans who have joined the union are being threatened with deportation because of "communistic" activities. And in New York City Grover Whalen, local administrator of the N.R.A., has sponsored the use of court injunctions to prevent picketing by so-called Communist unions. Will the national and state authorities squelch these local anti-labor activities?

Estimates of the number of workers who have joined unions during the past few months range from 500,000 to over a million. The A. F. of L. reports that it has issued some 200 new charters. Many of these have been in the steel, automobile, packing and other basic industries in which plant or federal unions (unattached to the various Internationals) are being formed. Total new memberships in these unions may be between 100,000 and 200,000. In the textile field the A. F. of L. claims about 125,000 new members, while the United Mine Workers estimates that it has signed about 300,000 recruits. In the needle trades the A. F. of L. has signed perhaps another 100,000. Some of these claims, of course, may be padded in view of the Federation's convention next month, but the unions have been unquestionably benefited by the N.R.A. policies. Aside from the A. F. of L., it is probable that from 100,000 to 200,000 workers have joined unions of an independent or militant character. A good many unions have been

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formed spontaneously, and as yet nobody knows whether they are to be controlled by conservatives or radicals. Among the independent unions, the Amalgamated Clothing Workers has about 30,000 new members. The left-wing Trade Union Unity League estimates that its membership has risen from about 35,000 to over 100,000. The largest increases have come in the sheet and metal field (12,000), mining (3,500 in Utah and New Mexico), textile (6,000), shoe (8,000) and needle trades (5,000).

About a hundred and twenty-five employees of the editorial departments of Cleveland's three daily newspapers have organized the Cleveland Editorial Employees' Association. The purpose of the Association, as stated in its constitution, is "to preserve and protect the economic and professional interests of its members by collective bargaining and other means, and to establish and enforce standards of ethics and craftsmanship among members." In the code of fair practice for the newspaper industry, it will be remembered, reporters were classified as "professionals" and, as such, exempted from the employment conditions of the code. About 350 New York newspaper workers have also formed a union to demand shorter hours and higher pay.

C O R R E S P O N D E N C E

Blanqui and the German Revolutionists

SIR: In The New Republic of September 13 you describe briefly a secret revolutionary organization now spreading in Germany and assuming the form of "groups of five." You add: 'This form of organization, which is particularly hard for the authorities to combat, was originated by the Russian Nihilists during the 1870's." As a matter of historical fact, under the reign of Louis Philippe, the secret republican societies, with a strong socialist or communist coloring, were organized in this fashion. Thus in 1835 Barbès and Blanqui founded a society known as the "Family." It consisted of groups of five whose names were known to only one of them, and he alone was in communication with the central committee. In the following year the discovery of a secret powder factory by the police led to the arrest of the leaders and the punishment of the soldiers and officers implicated. Amnestied in 1837, Barbès and Blanqui immediately proceeded to the organization of the society of the "Seasons," in which six men formed a "Week," twenty-eight a "Month," eighty-four a "Season," three hundred and fifty-two a "Year," commanded respectively by a "Sunday," a "July," a "Spring" and a "Revolutionary Agent." This society attempted a revolutionary coup in May, 1839, which failed, and the leaders were condemned to deportation or death.

I do not, of course, mean to imply that the conditions under Louis Philippe and Hitler are at all comparable. But it is worth noting that Blanqui was a most able and devoted leader, as intelligent as he was energetic. Even Marx said of him that had he been in Paris in 1871 (he was in prison), the Commune would have had "a head."

New York City. HERMAN SIMPSON.

Rivera's Mexican Murals

SIR: Since both Edmund Wilson [The New Republic, July 21] and Joseph Freeman [in your issue of August 16] have made reference to my painting in the National Palace in Mexico, will you permit me to make clear the facts in the matter?

1. Mr. Wilson's statement of the facts in his article, "Detroit Paradoxes," was correct; and Mr. Freeman's letter misstates the facts.

2. Mr. Freeman's original article in The New Masses pretended to show a degeneration of my art as soon as I was expelled from the Communist party, and to do that Mr. Freeman falsified some facts and invented others out of whole cloth. One of those which was invented out of whole cloth was this statement:

> The original design for the mural in the National Palace showing Mexico as a gigantic woman holding a worker and peasant in her arms was altered; for the worker-peasant, no doubt a painful sight to the government officials who pass the mural every day, were substituted harmless natural objects such as grapes and mangoes.

This strange invention of Freeman's was refuted by The Workers' Age of June 15, 1933, by the simple procedure of publishing the original sketch and the final painting. The original sketch shows a woman sheltering worker and peasant. I considered the figure politically false because Mexico is not yet a nourishing mother to the workers and peasants, and removed it, as the Workers' Age photo shows, and replaced it not by "grapes and mangoes" but by the figure of a worker showing the martyrs of the agrarian revolution the road to industrial communism. I put that correction on the wall in sketch form as early as 1929.

3. Joseph Freeman pleads ignorance of the final painting when he wrote his article and has now invented a second alteration. There was no second alteration. Nor can Freeman plead ignorance when he wrote his recent letter to The New Republic, for two good reasons.

First, because both the sketch and the final painting as printed in The Workers' Age show the grapes referred to, and in both cases connected with Hidalgo, who violated the Spanish prohibition against cultivation of grapes in Mexico and taught the Indians to cultivate and utilize the forbidden fruit—an act of defiance analogous to the Boston Tea Party or the Gandhi salt-making expedition. Freeman had only to look at The Workers' Age of June 15, 1933, which he had in his possession when he wrote to you—he had only to use his eyes and he could have seen the impossibility of inventing his latest fiction. One who cannot see grapes in both sketch and painting either will not see or ought to refrain from writing on works of art.

Second. After The Workers' Age had exposed Freeman's invention as such, he wrote to many people in Mexico, seeking some sort of "explanation," and hypocritically assuring those who he thought might suspect his motive, that he was using the data "for a serious and detailed scientific study of the frescoes and their social role."

Among the answers Freeman received was one from the editor of Mexican Folkways, Frances Toor, who was in Mexico throughout the period of my painting on the National Palace. When Freeman wrote his letter to you he was already in possession of Miss Toor's letter of July 31, 1933, which reads in part:

> I give you my word of honor that I do not remember the change in the drawings you speak of, and my word of honor means something to me and to those who know me. I have asked two or three other people since I received your letter, two days ago, and they do not remember it either.

But Freeman hastened into print with his new invention, perhaps too much in a hurry to wait for Miss Toor's further investigation. She did what Freeman might have done—asked the painter himself. Also my assistants who worked with me on the job. Then on August 4, she wrote to Freeman the following letter, a copy of which she sent to me:

August 4, 1933.

My dear Joe:

I have some further information for you regarding the Palace fresco.

I met Paul Higgins yesterday and he told me that there never was a change in the project after it was first traced

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on the wall until the final painting and that the only fruit that ever appeared there was the grapevine under Hidalgo's feet, under the central figure. Ramon Alva de Guadarrama, Diego's assistant throughout the work on the Palace frescoes, says the same.

I could not quite make out from your statements as to whether or not you yourself saw the change or as to whether you based your statement on information given you by others. Now I see that it cannot be the former and that whoever gave you the information and signed statements for you, lied.

It is really too bad that you weren't more careful.

Sincerely,
"Paca" [nickname for Frances.].

I can only say in closing that when a writer who values his reputation for veracity sets up to destroy the character of a painter who is doing, has been doing and will continue to do his best to paint revolutionary murals, and for factional purposes that writer invents slanders and falsehoods, he should at least see to it that they are such as cannot be refuted by a mere photostatic reproduction. When slanders are in words only they are harder to refute. But when they concern things that can be photographed and reproduced, then I can only agree with Miss Toor when she says to Freeman: "It is really too bad that you were not more careful."

DIEGO RIVERA.

New York City.

[Mr. Freeman was shown Señor Rivera's letter before publication, but owing to the fact that he is at present in California will be unable to answer it until he can consult various letters which are in New York City.—THE EDITORS.]

The Roosevelt Myth

SIR: T. R. B., in the issue of August 9, says, "Frank [Roosevelt] has none of the love of battle of old Theodore; he is emphatically not a leader of lost, or even doubtful causes." As a student of history I object to the inference that Theodore loved a battle except when he was sure of winning or when backed by public opinion. Read Henry F. Pringle's "Theodore Roosevelt," Lincoln Steffen's "Autobiography" and La Follette's "Autobiography." If Theodore had loved a fight he would have inaugurated a real progressive era but, as La Follette says, he was always ready to compromise or accept a halfway measure. If Theodore scolded the trusts to gain popularity, then, lest he offend "Big Business," he scolded the people. His was but a mild progressivism which the people magnified because of his personal magnetism.

FERN M. BRIDE.

Harvard, Nebr.

One Way of Paying Debts

SIR: Under sub-section (b), section 43, Emergency Farm Mortgage Act, the President has the power to direct the Secretary of the Treasury to issue up to $3,000 million in Treasury notes (money) for the purpose of meeting maturing, or purchasing, interest-bearing obligations of the United States government. Instead of issuing currency the Treasury Department is offering to convert $451 million in 1¼-percent certificates, Seri s TS, 1933, into 3¼-percent eight-year bonds. This transaction will cost the men and women who toil more than $117 million in interest alone for the eight-year period. That's enough to make 117 new millionaires at the expense of added human misery.

S. O. SANDERSON.

Rochester, Minn.

Sticks and Stones

SIR: The character of Mr. Peffer's answer to our letter, in The New Republic of September 6, entitles us to a short answer.

1. A correction should be made in the condensation of our letter. At the end of the first paragraph is the phrase "against Soviet Russia." Our letter said against the "Red Armies," meaning the Red Armies of the Chinese Soviet Districts. This was evidently misunderstood by the author of the condensation.

2. Mr. Peffer brings forward no proof that the facts we cite are not true. We, on the other hand, are able and willing to cite all the proof necessary. Furthermore, a number of facts we cite are common knowledge. Mr. Peffer has in no way answered our arguments, but, indeed, has avoided joining issue.

3. Mr. Peffer shows the same disregard for facts in his statements about our organization that he showed in "Japan and China." He knows nothing about the constituency of our organization, and yet he feels himself authorized to say that we are not "qualified by knowledge to have or to air opinions about China."

4. "Sticks and stones may break my bones, but names will never hurt me" is an old nursery rhyme. We invite Mr. Peffer to bring forward his sticks and stones in the shape of good hard facts. We challenge Mr. Peffer to open debate or discussion on the issues involved, or on any other aspect of the Far Eastern question.

CONRAD KOMOROWSKI,
Educational Director,
Friends of the Chinese People.

New York City.

Extracts from Letters

ROBERT DUNN, whose letter appealing for funds for the striking miners of New Mexico was printed in The New Republic of September 20, informs us that the address of the Relief Committee was printed incorrectly. The correct address is Relief Committee, National Miners' Union, Post Office Box 218, Gallup, New Mexico.

Francis M. Williams, of Jacksonville, Florida, writes a friendly letter of protest against Allen Tate's article on Sidney Lanier, particularly against Mr. Tate's castigation of "The Marshes of Glynn." Mr. Williams interprets the poem as a description of youth, age and death, represented by the symbols woods, marsh and sea; and says that since he loves the poem for what it means to him, he feels humiliated when so fine a critic as Mr. Tate tells him that it is worthless. "I am over sixty," Mr. Williams says, "and 'tolerant plains' of the marsh is a living symbol of the growing tolerance I feel in myself. . . . What I want to know is this: is my love for this poem a condemnation of my small cultural attainments, which I should hide and smother in good company?"

J. Ehrlich, secretary of the Federation of Architects, Engineers, Chemists and Technicians, New York City, sends a note on the history and purpose of the Federation, and an appeal to New Republic readers who are technical men. While the Federation was formed to organize the unemployed engineers and architects, the N. I. R. A. codes submitted by the American Institute of Architects and the American Society of Civil Engineers and other groups have given it a new and important function. Mr. Ehrlich declares that the first two organizations named are dominated by the employers (Charles Schwab is president of the American Society of Civil Engineers) and have proposed a wage of $17.50 a week for men with years of experience and college training. The first action of the Federation was to submit an employees' code and to send a committee to Washington to battle for it. The address of the organization is 232 Seventh Avenue, New York City.

Dr. G. F. Beck, director of the Labor Temple School in New York City, writes us to say that Lincoln Steffens' review of Will Durant's book on Russia represents for him the extreme of "scurrility and venom." He finds it strange that The New Republic should denounce Hitler and at the same time "sing the praises of a ring of bullies, bosses and sadists who conceive it to be for the good of Russia to treat her by methods that differ by a hair from those employed by the handsome Adolf," and characterizes Lincoln Steffens' review as a piece of venomous persecution. "Is it lèse majesté," he asks, "to suggest that Russia may have blundered? Who loves her less for that reason? . . . Is it better writing (or for that matter clearer thinking) to cough up some stale Marxist dogma every time the question of Russia is aired in the open?" Dr. Beck also believes that Edmund Wilson's recent critical articles have been invalidated by their "simple and childish application of the Marxist yardstick."

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Freudian Holiday

Edward VII, by E. F. Benson. New York: Longmans, Green and Company. 307 pages. $3.

MR. E. F. BENSON has been writing readable but mediocre novels for the last thirty or forty years; and he is true to his qualities, and derives benefit from the length of his experience, in his "Edward VII." The serious student will, of course, do better to turn to the volume of essays in "Edwardian England," which has just been issued under the editorship of Professor Hearnshaw. Nevertheless, the main facts of the story are set down here pleasantly and lucidly; and what a story it is! Surely the relatively straightforward Stuarts were vanquished and the house of Hanover brought into the fierce light that beats upon a throne, to make a Freudian holiday. Consider, for example, the amazing upbringing that Queen Victoria and the Prince Consort inflicted on their son Edward.

The child was taken from his nursery at the age of seven and put under the care of a tutor to follow a routine which far exceeded the rule of a Jesuit college in severity and had the added horror of complete isolation from all his contemporaries. It shows what small-town folks these royalties were, and how foreign to the land they governed, that their first choice for a tutor was Dr. Liddell, of Liddell and Scott, the great classical scholar who was then headmaster of Westminster School. When he politely told them to go to the devil the post was filled by a junior Eton master, who, however, was sent away when the child formed an affection for him. Simple hayseeds as these parents might be, they were as cruel as the subtlest in the education they had planned for their son. He was to have no private life. He was to be crammed with information, he was to be turned into a blameless automaton performing with precision the proper royal gestures, he was to suppress one and all of the movements the soul makes for its own secret reasons.

As he grew older the routine became madder and more murderous, and moved toward a climax in the ceremony in his seventeenth year, when he was confirmed after having been questioned in his knowledge of and attitude to religion by the Dean of Windsor and the Archbishop of Canterbury in the presence of his mother and father; a more affrighting rape of the adolescent soul could hardly be conceived. Thereafter he was sent to live "in monastic seclusion," as Mr. Benson calls it, at White Lodge, a royal residence standing in the middle of a public park some square miles in extent, on the furthest outskirts of London, a place most drearily inaccessible in the late fifties. There he was allowed absolutely no visitors except a few elderly men of distinction, and every moment of the day he was watched over by two tutors and an equerry, who made full reports of all he said and did to his parents, by whom they were used as bases for frequent admonition. Up till the death of his father, in the boy's twenty-first year, he was subjected, with only one holiday in the shape of a triumphal tour of the United States and Canada, and two or three changes of venue, to this curious form of education, which seemed designed to produce at best a taciturn homosexual capable of finding employment on the Encyclopedia Britannica.

This debauch of stupidity and cruelty in the treatment of the boy was due, surely, though Mr. Benson does not say so, to the common misfortune of the royal parents. Both had childhoods ravaged by the consequences of sex. The Prince Consort's mother had been divorced and separated from her son when he was only five or six years old; and her reputation had been such that many people believed him to be the son of her Jewish music master, though this is in fact not probable, since she was married at sixteen in 1817, produced Albert's elder brother in 1818, and Albert himself in 1819, a program which allows but little time for extra-marital adventure. There can be no question, from Albert's agonized sensitivity on all questions of morals, that this early sense of losing a mother to a lover and being under the stigma of being a loose woman's son deeply affected his life. Victoria, on her part, had suspected her mother of an intrigue and so bitterly resented this that when she came to the throne she could not prevent herself from publicly betraying that resentment.

However much one may dislike Victoria's puritanism, one must admit that there was probably a great deal in the society of that day to make her obstinate in her recoil. A Hogarthian fury with loose breasts had penetrated over the threshold of the nineteenth century, and had not yet been ejected. It is small wonder that Victoria and Albert gathered together and decided to banish her and purge human society of sex. Their own loves seemed to them to be rendered aseptic by the mere fact that they were theirs; such is the constant delusion of the children of earth. But in their son, the heir to the king, the young bull, as it were, sex was presented in its purest, or impurest, form. They flung themselves on him to commit the rite of castration. They labored long years to offer up, as completely as might be, the sacrifice of his vitality to the god that hates sex and strength and life itself; against whom, it may well be, they may have dimly felt they had offended by their happy and fruitful married life.

But the young bull was not going to be offered up as a sacrifice. On the contrary, he killed the old bull. It was no secret that many persons connected with the Court believed that the Prince Consort would not have died had he not been obliged to go, when typhoid was already on him, down to Madingley Hall to deal with one of the violent fits of passion with which the young Prince was beginning to revolt against the constriction of his life. If the reader has been tempted to smile at the ascription of uncouth and primitive religious rites to the house of Hanover, let him be sobered by the ritual Victoria now initiated at Windsor. Every night the Prince Consort's dress clothes were laid out in his dressing room and a can of hot water was taken in, and this was performed for forty years after his death, along with many other practices which would have made any tribe that put food in the tomb of its chief feel quite at home.

She was no fool. The opinion that she was is gaining ground, but that is partly a reaction against the excessive legend of her abilities and partly a hasty misreading of new material, such as her correspondence with Gladstone, in which she refused to make the public appearances necessary to her position. It must be remembered that in those days every middle-aged woman was terrorized by the popular myth that unless she spent the best part of a decade in a state of inactivity, she was likely to go mad, and that modesty forbade this secret preoccupation being openly discussed; and it must also be remembered that in those days gynecology was apt to deal with those maladies likely to overtake a mother of a large family by such ill advised devices as the prescription of stimulants. In her old age she struck men such as Edward Fairfield of the Colonial Office and Sir Harry Johnson as having a quick and inquisitive intelligence, and even a certain brooding imagination, particularly as regards the minds and civilizations of colored people, toward whom she had a very different atti-

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tude from that suggested by the well known print representing her in the act of giving a Bible to a Zulu chief. But she was a barbarian, and such a ceremony as the castration of the young bull was thoroughly to her mind. She continued to persecute her son by witholding every scrap and crumb of power that belonged by right to his position, till old age weakened her. It was not until thirty years after the Queen had become a widow that the heir to the throne ever saw the reports of the Cabinet.

This Edward resented with an intensity of loathing that was hardly ever expressed. His early education had in most respects the success by opposites that might have been expected. The cramming with facts gave him a hatred of book learning but a mastery over the spoken word; the segregation gave him a horror of loneliness and a lifelong power to enjoy almost any social gathering; but the training in self-control produced what it attempted. He behaved extraordinarily well. But Victoria became in his mind more and more of a Mother Image of the sort that is not loved, of the Kali sort, that hates and kills. That image must have taken a peculiarly unpleasing form in his mind during a certain period in her life, when she fell under the domination of a Highland gillie named John Brown. The scandal was universal; but nobody knew whether the Prince was aware of it, till long after when he had ascended the throne, and one of his first actions was to order that the statue she had erected to John Brown after his death should be razed to the ground. Then there was silence. He had always been discreet, except on one point. He loved France. His hated parents were in nothing French. He hated Germany. His hated parents were German through and through. "I shall never cease," said Prince Albert to a friend on announcing his engagement, "to be a true German." There were times in Edward's early years when his tongue ran away with him, and though he learned wisdom in that respect, and though the Entente Cordiale was in its essence pacific of intent, the face he turned to Germany was stony.

Woeful it was, therefore, in its effect on another prince, the young Kaiser, his nephew, whose childhood had been dominated by England and Victoria in another but quite as remarkable way. He was the son of Edward's sister, the Empress Frederick, who was hated by the Germans as an Englishwoman and who had never got on well with him. There was question here, too, of one of these mythic murders. She, the outlawed woman, was held to be responsible for her husband's death because she had an English doctor to treat him in his last illness. The Kaiser hated her, but he was vexed by his feeling that one ought not to hate one's mother; he had therefore transferred a curious load of emotion to his grandmother, Victoria, and to England. Mr. Benson's accounts of the Kaiser's curious performances on the international stage are a little tainted with a sense of British superiority, in the manner that leads one to suspect him of dressing for dinner every night in the jungle; but they are substantially just in their rendering of the Kaiser's alternate demonstrations of teasing naughtiness to his grandmother and uncle, which were bound to destroy their affection for him, and frenzied appeals for their affection. The craziness and intensity of the emotions involved can be judged from his strange behavior when he hastened to Victoria's deathbed, though his mother was at death's door, and afterwards claimed that Victoria had died "in his arms." It was galling to him, therefore, that the man who stood in the relationship to Victoria that he would have liked to be his, who represented England, turned to him a face that was blank with rejection.

The situation would have been full of anguish had it involved the fate of no other persons; but it is hardly to be borne that the fate of a whole civilization depended on the reactions of these neurotics. For though it is certainly deeper forces than these that ultimately decide the course of history, the institutions of monarchy and dictatorship give power to the individual to precipitate and aggravate disasters if health is not in them. How rare health is, and how necessary it therefore is to fence in such institutions with all possible precaution, is a lesson not to be forgotten today.

REBECCA WEST.

Why Justice Falters

Trial by Prejudice, by Arthur Garfield Hays. New York: Covici-Friede. 370 pages. $2.50.

LEGALIZED injustice is not limited to any single country. French, German and Russian revolutionary tribunals have dispensed it light-heartedly. Other nations besides the United States suffered from hysteria during the World War, though none had so bad a case of it as we or with so little cause. It is our unamiable American distinction, however, that ever since that period, year in and year out, in time of peace, we have been busy rolling up an unparalleled series of miscarriages of justice. Once we were shocked by the Dreyfus case in France, which France rectified. There is no chance for us to rectify the legal murder of Sacco and Vanzetti. Nor is there any real chance to atone to Mooney and Billings, when, or if, they are ever released, for the seventeen years of unjust imprisonment already suffered. Add to these the Centralia, Gastonia and Scottsboro cases, the conviction and lynching of Leo Frank, the sentence of Angelo Herndon to twenty years' imprisonment for possessing Communist literature, the life imprisonment of the Kentucky miners, Jones and Hightower, and then you have still only the outstanding instances which would need to be supplemented by scores and scores of others, equally flagrant though less important, to make the record at all complete.

Under these circumstances, a book on the subject by so able and experienced a lawyer as Arthur Garfield Hays is exceptionally welcome, taking up as it does most of the cases mentioned above and providing close legal analyses of the evidence. As the attorney who defended the Gastonia mill-workers, saved Mencken from the Boston Watch-and-Warders, led the Civil Liberties incursion into Kentucky, and more recently successfully fought the extradition of Burns from New Jersey back to Georgia, Mr. Hays has an enviable record. "In this book," he writes, "I tell the story of cases that arouse my fury in the hope that my indignation may be contagious." Such is his purpose, but he relies upon cold facts, not hot rhetoric, to achieve it. Indeed, so objective is his narrative of each trial that a detective-story fan might readily become engrossed in the problem of solving the particular crimes.

Practically every trial he describes repeats the same story of self-contradictory evidence logically insufficient to convict a cat, but supported by the passionate prejudice of the community. Mr. Hays is content to rest the matter there. "Unless men become tolerant," he writes, a little wearily, "no change of system will prevent injustice." Discrediting theories of economic causation, he emphasizes the case of Frank, who was a wealthy Jewish factory owner convicted on the testimony of a Negro employee, to point the moral that employers as well as workers may suffer injustice. Prejudice, in this instance anti-Semitic but elsewhere anti-Negro, patriotic or religious, seems to Mr. Hays the all-

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sufficient explanation of the convictions, as it also explains the acquittals in a small group of less interesting cases taken up at the close of his volume.

But prejudice, surely, is an effect, not a primordial cause. Even anti-Semitism has its economic roots. And, in any event, the single instance of Leo Frank can hardly offset all of the other cases, in which, as Mr. Hays admits, the victims of injustice have been proletarians and in all but one of which they have been sentenced because of their radical labor activities. Mooney, union organizer; the Kentucky miners, union officers; the Centralia victims, Wobblies; Sacco and Vanzetti, Anarchists; Herndon and the Gastonians, Communists: all condemned, not for their alleged crimes, but precisely because they were union men, Wobblies, Anarchists or Communists. The spectacle is, quite simply, that of capitalism using the force at its disposal to crush its enemies. Hence the fact mentioned at the outset of this review is not surprising; that the United States, preëminently the citadel of capitalism, should be preëminent in these miscarriages of justice was quite to be expected. Mr. Hays deplores prejudice against capitalists; he would substitute a general prejudice against prejudice in general. Dust in the eyes. "Indignation" against prejudice in general is a bit too vague for these latter days. Mr. Hays's book is masterful in exposition, far from masterful in intrepretation.

ERNEST SUTHERLAND BATES.

Dark Cuban Soil

Man Wants But Little, by Wilson Wright. New York: Albert and Charles Boni. $2.

THE VALUE of this novel is somewhat sharply limited to those who can see beyond Mr. Wright's rather monotonous story to the meaning of the characters and incidents he describes—in short, to those who are roughly familiar with the history of Cuba from 1914 to 1922. Writing of the life of José Perdriga, a Spanish immigrant employed by American mining interests, Mr. Wright builds up the social background for such events as the revolution of 1917 and the electoral crisis of 1920; and at the same time shows a simple, land-hungry peasant responding blindly to the American economic penetration which he does not understand. The period is that of the tragic "dance of the millions" when the bankers loaned millions for sugar regardless of the possibilities of returns; when millions were spent in building lavishly vulgar cities and suburbs; when the political struggle to share in this golden flow was greatly intensified and led to incredible corruption and pillage, fraud and open violence; and when Liberals and Conservatives shamelessly joined forces as the menace of "communism" not unnaturally arose. When the dance was over, in the autumn of 1920, and the government and people were bankrupt, the struggles went on, though the rewards to the victors were less great, and uprisings swept across Cuba like the reflex convulsions of a society in its death agony.

Mr. Wright is under no illusions about the inner workings of American finance capital and Cuban politics. He draws thinly disguised portraits of such figures as Menocal, Gomez, Zelayas and Estrada; and he shows, in a detailed and intimate fashion, how corruption spread until it infected all parts of Cuban life. But he is primarily interested in celebrating the "earthy" simplicity of his honest peasant and in detailing the minute, routine, day-by-day dramas of village existence. The emphasis is occasionally wearisome;

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the large dramas seem to be sacrificed in favor of the small ones. The portraits of the exploited, of the superstitious and the ignorant, are much more detailed and convincing than those of the oppressors. Finally, one gets an impression that the slowness and monotony of the story are the results of a conscious—and mistaken—plan; that the author hoped by this tempo to suggest the monotony of arduous and relentless toil in the tropics. Writing about dullness need not be dull—and failure to recognize this fact is the gravest defect in what comes close to being a very interesting novel.

G. C. CONVERS.

Making Life Secure

Insecurity: A Challenge to America, by Abraham Epstein. With an introduction by Frances Perkins. New York: Harrison Smith and Robert Haas. 680 pages. $4.

A FEW years ago a newspaper carried the startling headline, "Aviators Circumnavigate Universe." Beneath the headline was an account of a more limited—but highly significant—accomplishment: a flight by airplane around the earth. In the case of Mr. Epstein's book, there appears on the title page the discriminating subtitle, "A Study of Social Insurance in the United States and Abroad." Following the title page appears the most complete analysis of the various forms and modes and methods of social insurance and of its applicability to American conditions that has appeared in this country since Rubinow's monumental work of almost two decades ago. Mr. Epstein already is well known for his studies of old-age dependency and his leadership in the movement for old-age pensions. In view of this earlier work it is not surprising that he has brought to this broader subject an unusual fund of knowledge and a rare instinct for documentation.

Because the book is so excellent an account and advocacy of social insurance, it is regrettable (to this reader, at least) that it is offered as an analysis of the total subject of economic insecurity. Mr. Epstein is faithful to his larger subject in presenting the complex totality of economic insecurity as a background and a *raison d'être* for social insurance. Clearly the logic of social insurance rests on less formidable postulates than this; and the appearance of offering social insurance as a remedy for economic insecurity in its largest sense does not lend conviction to the argument. Economic insecurity is broader and deeper than the risks which can be anticipated and provided against by social insurance. The insurable risks are risks applying to individuals and are only symptomatic of the underlying total economic insecurity. The prevalent and pervasive conditions of insecurity even threaten the validity of the principle of insurance itself. The difficulty of keeping a sum of money, or of purchasing power, intact from one point in time to another point in time is an important phase of insecurity. To be able to keep it intact is even a greater practical necessity in the case of unemployment insurance (where large numbers of claims and large reductions in premium payments inevitably will occur at the same time) than in the case of life insurance (where there is a more even spread of both claims and receipts). This is an aspect of economic insecurity in its larger sense which the author does not consider.

But none of the criticism set forth above is an argument against social insurance; it is merely an argument against the manner in which the author of this book states his case. To remove the present economic insecurity would require sweeping changes in the way our society is organized and, more important still, in the habits which control the thought and action of our people. These things will not be done quickly. Social insurance, on the other hand, is a matter of pressing necessity.

Mr. Epstein advocates compulsory insurance against unemployment and illness. He favors a three-way distribution of costs among the insured, their employers and the government. He proposes, as a tentative basis for starting, that the insurance apply to all persons earning wages or salaries below $3,000 a year. The case which he makes for compulsory insurance, and against voluntary methods, is a formidable one. He advocates administration by the state, and does not go so far as he reasonably might in arguing the superior efficiency and economy of trained public servants (such as those in England) as against the inevitable lacks and failures of other agencies. In regard to the established American workmen's compensation laws, he criticizes adversely the limitations on the numbers of workers covered and on the benefit payments permitted. Here again an argument is made for administration through state funds as against private companies. Beyond these fields of "legitimate" insurance, Mr. Epstein favors the adoption of public pension systems for the protection of invalids, the aged and the blind. The case which he makes for "family insurance" is the least convincing of the various measures which he advocates.

Mr. Epstein does some of his best work in demonstrating how feeble and how futile are the present grandiose efforts to relieve unemployment by private charity. The stupidity of prattling about "rugged American individualism," while

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Book Notes

BELLES LETTRES

THE ROMANTIC AGONY, by Mario Praz. *New York: Oxford University Press. 471 pages. $7.50.*

Mario Praz, one of the most brilliant students of comparative literature, here chooses a perspective on nineteenth-century Romanticism which will focus, almost exclusively, its absurdities. In no other period did literature so universally indulge an attitude of fascination with the luscious pleasures of evil. Such heroes as could develop striking sexual, or otherwise evil, attitudes would be immediately flattered with imitation by the writers of four nations. Their best attitudes became literary clichés. Sensibilities, just flowering, were educated with such clichés and thus spurred on to original achievements—which became new clichés. Literature, in this way, was propaganda for the passional adventure. No one else has displayed the curious mechanism of these fashions quite so neatly as Mr. Praz. He is such an excellent researcher and handles copious quotation so dextrously that he can afford to refrain from comment: the reader can easily make the most relevant and important judgment. For, when one notices what an extraordinary amount of literary effort can be codified by reference to a few artificial attitudes, it becomes clear that the mad effort to develop spectacular sensibilities ends in spectacular sterility.

BIOGRAPHY AND MEMOIRS

GAL REPORTER, by Joan Lowell. *New York: Farrar and Rinehart. 313 pages. $2.50.*

The author of "The Cradle of the Deep," the morning after success, awoke to a cold gray dawn and a flat purse. Application to a Boston tabloid brought her a job and some very interesting assignments—covering a yacht race, the activities of the Coast Guard service, an investigation of how the jobless woman lives during the depression and what happens when she tries to get a job, a nudist camp. The tabloid releases of Miss Lowell's experiences in the shelter homes and sweat shops, we are told, were denounced by politicians and employers as cheap sensationalism, but led in some cases to further investigation and reform. But the revelations are only scenery for the starring of Joan Lowell—daring, incorruptible, and oh! so adorably feminine gal reporter.

GRAY WOLF: An Intimate Study of a Dictator, by H. C. Armstrong. *New York: Minton, Balch and Company. 309 pages. $3.*

Mr. Armstrong has set himself the task of writing a biography of Mustapha Kemal against a background of Turkish history during the last quarter-century. He presents in resumé the political struggles of liberal Turks against the Ottoman regime in the period preceding the World War and he draws, also, a more or less accurate picture of the troubled years which followed, when Turkey was racked by civil war and Greek invasion. To those who are unacquainted with the more detailed study of Dagobert von Mikusch in his "Mustapha Kemal: Between East and West," the book will be worth reading. It is unfortunate, however, that the subtitle should have been "An Intimate Study." "An impressionistic study" would surely have been a more accurate description of Mr. Armstrong's plausible but distorted portrait.

PUBLIC QUESTIONS

CRY HAVOC! by Beverly Nichols. *New York: Doubleday, Doran and Company. 275 pages. $2.50.*

In spite of Mr. Nichols' self-conscious manner and unwarranted intimacy with his readers, his book deserves high praise. It is an examination of the state of the world in regard to war. The chief cause of international conflict Mr. Nicholas finds in "the bloody international" of armament makers and their financial backers. Next are the war-mongers of the press. So long as war is a source of private profit under capitalism it will continue, but at least the public should know to whom it owes the boon—the Schneiders, Vickers-Armstrongs, Zaharovs, Morgans, Hearsts and Beaverbrooks. Other "microbes of Mars" he finds in nationalism, military history, uniforms, bands, patriotic anthems, toy soldiers, war memorials and the poetry of Rupert Brooke. As antidote he dwells on the silliness of these things, the horror of the next (gas) war, and the sensible conclusion that the worst service a man can offer to his country is to fight for it.

DOLLARS AND SENSE: Questions and Answers in Finance, by Irving Brant. *New York: The John Day Company. 172 pages. $1.50.*

Mr. Brant, the editor of The St. Louis Star and Times, has been conspicuously successful in his attempt to translate the jargon of the financial page into everyday English. Through the Socratic method of questions and answers he unravels the intricate tangles of twenty-five current economic problems, ranging from the gold standard to taxation. This book, one section of which appeared in The New Republic, treats thorny and complex matters as simply, clearly and tersely as M. Ilin does in the "Russian Primer." It ought to be made required reading for the average American.

INCENTIVES UNDER CAPITALISM AND SOCIALISM, by Harry W. Laidler. *New York: The League for Industrial Democracy. 54 pages. 15 cents.*

Mr. Laidler here demonstrates that a coöperative social order can supply sufficient incentive for efficient service from the industrial manager, public administrator, inventor and worker. He cites a considerable body of proof, based upon such sources as the experiences of Soviet Russia, successful coöperative ventures and public administration, quotations from psychologists and economists and confessions from successful capitalists and inventors. The

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material is not new; but the pamphlet is intended for a lay public that is still being seduced by the watery and self-limiting arguments of the apologists for capitalism. This pamphlet is one of a series which also includes "How America Lives" and "Unemployment and Its Remedies," by Harry W. Laidler, "Technocracy and Socialism," by Paul Blanshard, and "Municipal Housing," by Helen L. Alfred.

Fiction

THE BEST SHORT STORIES: 1933, edited by Edward J. O'Brien. *Boston: Houghton Mifflin Company. $2.50.*

Life in this country is "fragmentary" and the short story is its most characteristic expression, affirms Mr. O'Brien in his long Introduction. This form of fiction is changing; a considerable group of younger writers owe their new vision to the impulse and energy first released by Sherwood Anderson and Ernest Hemingway. They differ from their elders "in so far as they see life as something with values quite independent of the machine." They no longer look to Europe; they are developing a native art by discovering themselves and their people, and interpreting these discoveries. Twenty-nine brief examples of such interpretation are presented in this year's volume. It must reluctantly be admitted that few of them live up to the expectations engendered by the Introduction. Fragmentary they are, without doubt, but even a fragment, it is to be assumed, must have organic finality. Morley Callaghan's "A Sick Call," Louise Lambertson's "Sleet Storm," Robert Cantwell's "The Land of Plenty," Alvah Bessie's "A Little Walk," C. C. Dobie's "The Honey Pot," are among the stories which have completeness and a meaning. Nancy Hale's "Simple Aveu," and Ira V. Morris' "The Sampler," are also complete but too slight to have other than anecdotal significance. F. Scott Fitzgerald's "Crazy Sunday" does not show him at his best. Whit Burnett's "Serenade" is well enough as an experiment but a labor to read. The collection also contains characteristic example of the work of Wilbur Daniel Steele, Lloyd Morris, Katherine Anne Porter, Grace Flandrau, John Peale Bishop, Albert T. Boyd and others. No masterpieces here, but scarcely a story which fails to reveal a striving for merit.

Contributors

Ludwig Lore, who for fifteen years was editor-in-chief of the New Yorker Volkszeitung, is a German-American journalist. He was one of the contributors to the recent symposium, "Recovery Through Revolution."

Elizabeth Brandeis served for four years as assistant secretary and secretary of the District of Columbia Minimum Wage Board. She now teaches Labor Legislation at the University of Wisconsin and has been actively interested in regularization of employment and in the promotion and administration of labor laws.

Bruce Crawford is editor and publisher of Crawford's Weekly, of Norton, Virginia, and a frequent contributor to magazines. He was a member of the Dreiser Committee that investigated the Kentucky coal fields in 1931 and at present is defending the coal miners in his own community in their efforts to organize.

John Peale Bishop, the author of "Many Thousands Gone" and other books, has been living in France during the past few years. His new book of verse is to be published this month by Scribner's.

Daniel Allen has contributed articles on labor to The Nation and other periodicals. He is now working on a book dealing with the history of strikes led by the American Federation of Labor.

Rebecca West, author of "This Strange Necessity," "The Return of the Soldier" and other volumes of criticism and fiction, lives in London.

Ernest Sutherland Bates is the author of "The Gospel According to Judas," "This Land of Liberty," co-author of "Mary Baker Eddy: The Truth and the Tradition" and associate editor of The Modern Monthly.

Gilbert Convers, a Colombian by birth, has lived in the United States since 1917, working as a teacher and as a correspondent for South American periodicals. He has received degrees from Harvard and the Sorbonne and is now on the research staff in History and Government of New York University.

Horace Taylor is a member of the Department of Economics at Columbia University.

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